

G-5

30001120

30001120

REFERENCE COPY

***Assessing the Structure and Mix  
of Future Active and Reserve  
Forces: Assessment of Policies  
and Practices for Implementing  
the Total Force Policy***

*Leslie Lewis, C. Robert Roll, John D. Mayer*

20101015266

30001120

**RAND**

The research described in this report was sponsored by the Office of the Secretary of Defense (OSD), under RAND's National Defense Research Institute, a federally funded research and development center supported by the OSD and the Joint Staff, Contract No. MDA903-90-C-0004.

RAND is a nonprofit institution that seeks to improve public policy through research and analysis. Publications of RAND do not necessarily reflect the opinions or policies of the sponsors of RAND research.



H-10

30001120

***Assessing the Structure and Mix  
of Future Active and Reserve  
Forces: Assessment of Policies  
and Practices for Implementing  
the Total Force Policy***

*Leslie Lewis and C. Robert Roll, RAND  
John D. Mayer, Center for Naval Analyses*

*Prepared for the  
Office of the Secretary of Defense*

# ASSESSING THE STRUCTURE AND MIX OF FUTURE ACTIVE AND RESERVE FORCES

## A National Defense Research Institute Study

Michael Rich  
Steve Drezner  
*RAND Management Oversight*

William M. Hix  
Susan Hosek  
*RAND Reviewers*

Bernard D. Rostker  
*Study Group Director*

### RAND Research Staff by Task

#### *Policies and Practices for Implementing Total Force Policy*

C. Robert Roll  
Leslie Lewis  
Marney Peet

#### *Effectiveness of Total Force Policy During the Persian Gulf War*

Marygail Brauner  
Harry Thie  
Roger Brown

#### *Alternative Active/Reserve Paradigms*

Glenn Gotz  
Steve Drezner

#### *Alternative Force Structures*

Bruce Don  
Kenneth Watman  
Michael G. Shanley  
Fred Frostic  
Colin O. Halvorson  
Norman T. O'Meara  
Jeanne Jarvaise

#### *Military Effectiveness:*

Kenneth Watman  
Bruce Don  
Robert Howe  
David Shlapak  
William Schwabe  
Steve Drezner  
Bernard D. Rostker

#### *Cost Analysis*

Adele R. Palmer  
James H. Bigelow  
Joseph G. Bolten  
Deena Dizengoff  
Jennifer H. Kawata  
H. Garrison Massey  
Robert L. Petruschell  
Michael G. Shanley

#### *Mobilization*

Craig Moore  
Thomas F. Lippiatt  
Ronald E. Sortor  
J. Michael Polich  
James H. Bigelow

#### *Personnel Sustainability*

David Grissmer  
Sheila Kirby  
Richard Buddin  
Jennifer H. Kawata

#### *Communications Analysts*

Joyce Peterson  
Jerry Sollinger  
Mitchel Wade

### Staff of Non-RAND FFRDCs

#### Logistics Management Institute

Colin O. Halvorson  
Irving M. Greenberg  
Norman T. O'Meara  
Craig L. Waters  
Chris D. Johnson

#### Institute for Defense Analyses

John Tillson  
Stan Horowitz  
Merle Roberson

#### Center for Naval Analyses

John D. Mayer  
Lew Cabe  
James M. Jondrow  
Jack V. Hall  
Burnham C. McCaffree  
Ronald Rost  
H. Dwight Lyons Jr.  
John D. Goetke  
William H. Sims

Task leaders and co-leaders are designated in bold type face



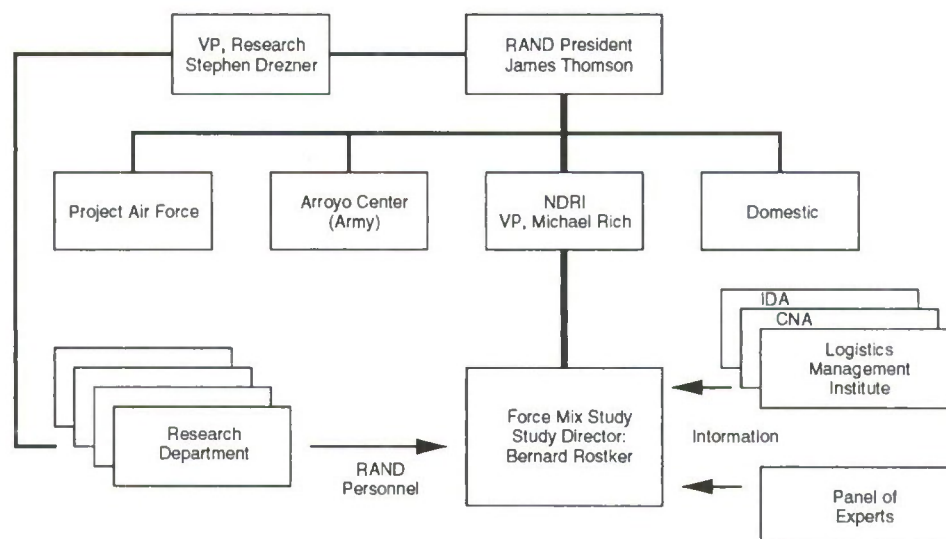
## Preface

The National Defense Authorization Act for Fiscal Years 1992 and 1993 required that the Secretary of Defense submit to Congress "an assessment of a wide range of alternatives relating to the structure and mix of active and reserve forces appropriate for carrying out assigned missions in the mid- to late-1990s." The act specified that the first part of the study be conducted by a federally funded research and development center (FFRDC) that is independent of the military departments. RAND's National Defense Research Institute (NDRI) was selected to conduct the assessment. NDRI is an FFRDC sponsored by the Office of the Secretary of Defense (OSD) and the Joint Staff.

As required by Section 402 of the act, the objective of the NDRI effort is to assess how alternative force mixes and structures would affect the U.S. military forces' ability to meet national military requirements under projected budget constraints. Congress asked that the Secretary of Defense and the Chairman of the Joint Chiefs of Staff then "determine, on the basis of the evaluation, the mix or mixes of reserve and active forces included in the independent study that are considered acceptable to carry out expected military missions."

## Management of the Effort

The figure below shows how NDRI managed the study.



Managing the Force Mix Study

## *RAND's National Defense Research Institute*

RAND is a private, nonprofit institution engaged in research and analysis of matters affecting national security and the public welfare. It operates three federally funded research and development centers in defense research. They provide ongoing technical and policy analysis to the Department of Defense (DoD), under special oversight arrangements. The oldest service-sponsored FFRDC is Project AIR FORCE, which was created in 1946. Since 1984, the Arroyo Center, the Army's FFRDC for studies and analysis, has been at RAND. NDRI is RAND's third FFRDC, created in 1984. Members of the RAND research staff are housed in five research departments. The force mix study director reported directly to the Director of the NDRI, a RAND Vice President. Additional oversight was provided by the Chairman of RAND's Research Operations Group, also a RAND Vice President.

The staff of the NDRI study team was drawn from a number of the research departments at RAND. In addition, several concurrent studies were under way in the Arroyo Center where staff adjusted their schedules to provide important analysis of several critical issues, particularly an assessment of post-mobilization training required by roundout brigades. In addition, with the approval of the Army, Arroyo Center staff shared with the study team a number of computer models and data bases. Project AIR FORCE also shared the findings from a recently completed base force analysis.

## *Support from Other FFRDCs*

NDRI was supported in this study by other, non-RAND, FFRDCs: the Logistics Management Institute, Center for Naval Analyses, and the Institute for Defense Analyses.

The **Logistics Management Institute (LMI)**, like NDRI, is an FFRDC chartered to support the Office of the Secretary of Defense. LMI, under separate contract with OSD, was fully engaged with the NDRI study team in the design of alternative Army force structures.

The **Center for Naval Analyses (CNA)** also was under separate contract with the Office of the Secretary of Defense to perform a parallel analysis for the Navy and Marine Corps forces. CNA developed the specific Navy and Marine Corps alternatives presented in the final report.

The **Institute for Defense Analyses (IDA)** is also an FFRDC that supports the Office of the Secretary of Defense and that had a separate contract with OSD



to support this study effort. IDA assessed the feasibility of the Unit Cohesion Model, identified specific changes that would be needed to implement it, and assessed how simulators might be used in the future to enhance reserve component training.

### *Panel of Experts*

Section 402 of the Authorization Act required that "[t]he study group shall be assisted by a panel of experts who, by reason of their background experience, and knowledge, are particularly qualified in the areas covered by the study." The panel of experts was selected by NDRI in consultation with the sponsoring officials in the Office of the Secretary of Defense. The following individuals served on the panel:

- Admiral Harry Train, USN (Ret),
- General Maxwell Thurman, USA (Ret),
- General Robert Bazley USAF (Ret),
- General Joseph Went, USMC (Ret),
- Major General L. H. Ginn USAR (Ret), and
- Major General Greg Barlow, ARNG, The Adjutant General of the State of Washington.

### **Structure of the Study**

For the assessment, the Congressional mandate specified a number of key issues in three broad areas: evaluating past policies and practices related to the mix and structure of active and reserve forces; defining alternative mixes and structures; and evaluating those alternatives.

In particular, Congress asked that the study group provide an "assessment of the existing policies and practices for implementing Total Force Policy of the Department of Defense." The specified focus was the methodology used in assigning missions between active and reserve components and the methodology used to determine how force reductions are distributed within and between those components. This document presents the results of that study.

The findings and conclusions of the larger study are reported in National Defense Research Institute, *Assessing the Structure and Mix of Future Active and Reserve Forces: Final Report to the Secretary of Defense*, RAND, MR-140-OSD, 1992. Other documents from the study are listed below:

Marygail Brauner, Harry Thie, and Roger Brown, *Assessing the Structure and Mix of Future Active and Reserve Forces: Effectiveness of Total Force Policy During the Persian Gulf Conflict*, RAND, MR-132-OSD, 1992;

Adele R. Palmer, James H. Bigelow, Joseph G. Bolten, Jennifer H. Kawata, H. Garrison Massey, Robert L. Petruschell, Michael G. Shanley, *Assessing the Structure and Mix of Future Active and Reserve Forces: Cost Estimation Methodology*, RAND, MR-134-OSD, 1992;

National Defense Research Institute, *Assessing the Structure and Mix of Future Active and Reserve Forces: Final Report to the Secretary of Defense*, RAND, MR-140-OSD, 1992.

National Defense Research Institute, *Assessing the Structure and Mix of Future Active and Reserve Forces: Final Report to the Secretary of Defense: Appendixes (U)*, RAND, MR-140/1, December 1992 (SECRET);

Colin O. Halvorson and Norman T. O'Meara, *Force Structure Design Methodology*, Logistics Management Institute, forthcoming;

H. Dwight Lyons, Jr., William H. Sims, and John D. Goetke, *USMC Active and Reserve Force Structure and Mix Study*, vols. 1–5, Center for Naval Analyses, Alexandria, Virginia 1992;

John D. Mayer, James M. Jondrow, John V. Hall, Burnham C. McCaffree, and Ronald Rost, *Navy Active and Reserve Force Structure and Mix Study*, Center for Naval Analyses, Alexandria, Virginia, 1992;

John Tilson, Stan Horowitz, Merle Roberson, and Steven L. Canby, *Alternative Approaches to Organizing, Training, and Assessing Army and Marine Corps Units*, Institute for Defense Analyses, P-2791, December 1992.



# Contents

Preface .....	iii
Figures .....	ix
Summary .....	xi
Acknowledgments .....	xv
Glossary .....	xvii
1. INTRODUCTION AND APPROACH .....	1
Approach .....	2
Organization of the Report .....	3
2. TOTAL FORCE DECISIONMAKING IN THE DEPARTMENT OF DEFENSE .....	4
The Planning, Programming, and Budgeting System (PPBS) .....	4
The Critical Elements of the PPBS .....	6
The Defense Planning and Resources Board and the Executive Committee .....	9
Past Studies of the DoD Total Force Decisionmaking System .....	10
Deciding on the Overall Active/Reserve Mix .....	11
Components Assignments According to Missions .....	12
Assessment of Current Total Force Policy Implementation .....	13
3. BASE FORCE DECISION PROCESS .....	15
Planning Phase (Spring 1989–Early Spring 1990) .....	19
Key Factors in the Planning Phase .....	24
Programming Phase (February 1990–September 1990) .....	24
Key Factors In the Programming Phase .....	31
Budgeting Phase (October 1990–January 1991) .....	32
Key Factors in the Budgeting Phase .....	35
Assessment of the Implementation of Base Force-Total Force Policy .....	35
4. SERVICE PARTICIPATION IN THE BASE FORCE DECISION PROCESS .....	37
Army .....	37
Department of Navy .....	45
Air Force .....	48
Summary .....	48
5. FINDINGS AND CONCLUSIONS .....	50
Some Final Remarks Regarding Increases in or Reductions of Specific Units .....	55
Appendix: Chronology of Base Force Decision Process .....	57

## Figures

1. Decision Process as Shaped by the PPBS . . . . .	6
2. Generic Two-Year Cycle . . . . .	7
3. The Base Force Decision—Top Down View . . . . .	17
4. The Base Force Decision Process—Contributing Events . . . .	19
5. The Planning Phase . . . . .	20
6. The Programming Phase . . . . .	25
7. The Budgeting Phase . . . . .	32
8. Army Participation in the Base Force Decision Process . . . . .	39
9. Force Structure Adjustments (End FY95)—Army . . . . .	54



---

# Summary

This report focuses on a case study of the Base Force decision process to review and assess the implementation of total force policy within DoD.

The key issues addressed are:

- Was the Secretary of Defense given sufficient information to make decisions regarding the active/reserve mix decisions?
- Were options presented to the DoD leadership?
- What factors were used to examine the options?
- Were costs and benefits assessed for the options presented?
- What was the interactive character of the debate?

The Base Force decision process encompassed much more than the reduction of the force structure and the redefinition of the force mix. It was a fundamental rethinking of force policy and the process used to define DoD resources. These changes were reflected in the DoD FY92-93 budget submission and the FY92-97 program associated with that budget submission.

The period that covers the Base Force decision process was one of the most turbulent in recent times. It was during this period that the Warsaw Pact threat collapsed, dramatic change occurred in Eastern Europe and the Soviet Union, Operation Just Cause and Desert Shield/Desert Storm took place, and DoD's budgets declined. Though not all of these events equally influenced the process, they all affected it in some way. Despite these complexities the Base Force decision process seemed to follow a sound analytic process. This process was largely conducted within the context of DoD's PPBS, its resource allocation framework.

Antecedents to the Base Force work began in the Joint Staff. They were initiated during Admiral William Crowe's tenure. Soon after the appointment of Colin Powell as Chairman of the Joint Chiefs of Staff, General Powell and the Secretary of Defense, Richard Cheney, concluded that the changes in the strategic environment necessitated a "whole new way of thinking about how defense resources [were] defined and allocated." The concept soon evolved to mean that the Base Force must be derived from the National Military

Strategy (NMS), and that force structure and mix would be shaped by the operational demands across a spectrum of environments. The force, therefore, had to have sufficient flexibility to adapt to changes in the environment while preserving a set of core capabilities.

The resourcing and analysis of the Base Force concept was imbedded in the Planning, Programming, and Budgeting System (PPBS). The PPBS continued to define a sequence of events, but it was used in a flexible way. In addition, although the allocation of resources across mission/operation areas would be proposed by the Services, in response to the Secretary of Defense's Planning and Fiscal Guidance, review of proposed programs would not be accomplished by OSD *and* the Joint Staff. The Chairman, with the assistance of his staff, would provide the horizontal integration. Thus, it is our opinion that we see, for the first time, a complete integration of the Chairman and the Joint Staff into DoD's resource allocation process as envisioned by the Goldwater-Nichols legislation.

Our evidence supports the finding that as the program-building process got underway, the Services were aware of the Base Force work. They also knew quite early in the process that central to the FY92-97 program was the whole issue of force structure and mix. The uncertainty of the strategic and fiscal environments precipitated a great deal of debate among all key participants in the process.

Of the three phases of the PPBS, the planning phase was the most challenging because it had to respond quickly to world changes of great magnitude. It was shaped by the redefinition of the strategic environment and the fiscal uncertainty that surrounded the emerging program. The debate during this period did include the assessment of risk, mobilization, deployments capability, readiness, and some cost and cost-effectiveness issues regarding force structure/mix options. With regard to Reserve and Guard issues, participants in the debate argued over what should be included in cost-effectiveness analyses. Some argued that they should focus on only direct costs. Others noted that it must include both direct and indirect costs associated with force structure. The cost issues were critical to the debate, for they ultimately would shape how forces would be distributed among the various military missions and regions.

The programming phase saw further debate and the application of reduced fiscal guidelines. By the end of the programming phase DoD leadership implemented some elements of the Base Force.

---

By the budgeting phase the options that were raised and debated among the DoD leadership focused almost solely on the implementation of the Base Force and how to stay within the fiscal limits set by the Budget Summit. On November 29, 1990 the SECDEF directed in an Executive Committee that the Base Force be implemented.

The military departments responded differently to the Base Force process. The Air Force was little affected by the Base Force decision; it implemented its POM with only minor modifications. The Army and the Navy were the most affected. They each employed a different strategy by which to deal with force structure reductions. Based on early analysis and concerns regarding a reemergent Soviet threat, it took a position to support a force structure that met this threat, and reduce further only if externally directed. Throughout the program cycle it supported its POM, until it was, finally, externally directed to make additional force structure reductions. The Navy, on the other hand, was reluctant to accept a reduced threat too, but negotiated its force structure and mix throughout the programming and budgeting phases.

The debate among all the participants did influence the final outcome of the Base Force. There were changes to both the force structure and mix in response to recommendations made by the Military Departments.

Despite the challenges of a very dynamic environment, the Base Force decision process took a remarkably successful course. Options were evaluated from the appropriate perspective of costs, risks, and capabilities. Participation in the evaluation was widespread. Issues were pulled into the PPBS process as they should have been. Total force policy could be said to have been implemented in the "practice" of the Base Force decision process.



# Acknowledgments

Many people assisted the authors in this analysis. We found most people who participated in the Base Force Decision Process were willing to share with us how they participated and what their current perspectives were of the process. We interviewed people at all levels of the DoD decisionmaking process. This group included members of OSD, the Joint Staff and the military departments. These individuals provided to us, when appropriate, their recollections, documentation and notes from key meetings. We would like to thank them.

We would also like to thank RAND colleagues Michael Hix and James Winnefeld for their very thoughtful reviews of this paper.

Finally, Marney Peet, the project's research assistant, assisted in the preparation of the report and Janet Birkler completed the manuscript. A special thanks to both of them.

# Glossary

AC	Active Component
AR	Army
ASD	Assistant Secretary of Defense
ASD(FM&P)	Assistant Secretary of Defense for Force Management and Personnel
ASD(M)	Assistant Secretary of Defense for Manpower, Personnel and Reserve Affairs
ASD(RA)	Assistant Secretary of Defense for Reserve Affairs
BES	Budget Estimate Submissions
CBO	Congressional Budget Office
CFE	Conventional Force Structure
CINCS	Commanders in Chief
CJCS	Chairman, Joint Chiefs of Staff
CNA	Center for Naval Analysis
COMPO 4	Component, Unresourced Units
CONUS	Continental United States
CPA	Chairman's Program Assessment
CS	Combat Support
CSA	Chief of Staff of the Army
CSAF	Chief of Staff of the Air Force
CSS	Combat Service Support
CY	Calendar Year
DAMO-FDF	Department of the Army—Force Integration and Management Division
DAMO-SSW	Department of the Army—War Plans Division
DEPSECDEF	Deputy Secretary of Defense
DFE	Division Force Equivalent
DG	Defense Guidance
DMR	Defense Management Review
DMRD	Defense Management Review Decision
DoD	Department of Defense

DP	Defense Program
DPG	Defense Planning Guidance
DPRB	Defense Planning and Resources Board
DRB	Defense Resources Board (now the DPRB)
EAD	Echelons Above Division
FFRDC	Federally Funded Research and Development Center
FORCOM	Forces Command
FY	Fiscal Year
FYDP	Future Year Defense Program
GAO	General Accounting Office
HASC	House Armed Services Committee
HNS	Host Nation Support
ID	Infantry Division
IDA	Institute for Defense Analysis
IPLs	Integrated Priority Lists
IPS	Illustrative Planning Scenario
JCS	Joint Chiefs of Staff
JS	Joint Staff
JSPS	Joint Strategic Planning System
LID	Light Infantry Division
LMI	Logistics Management Institute
MDEP	Management Decision Package
MTOs	Mid-term Objectives
NATO	North Atlantic Treaty Organization
NDRI	RAND's National Defense Research Institute
NG	National Guard
NMS	National Military Strategy
NSC	National Security Council
NSDD	National Security Decision Directive
NSSD	National Security Study Directive
ODS/S	Operation Desert Shield/Storm
OJCS	Office of the Joint Chiefs of Staff
OMA/O&M	Operations and Maintenance Accounts
OPSDEP	Operations Deputy
OPTEMPO	Operational Tempo



---

OSD	Office of the Secretary of Defense
OSD(FM&P)	Office of the Secretary of Defense, Force Management and Personnel
OSD(PA&E)	Office of the Secretary of Defense, Program Analysis and Evaluation
PAM	Program Assumption Memorandum
PB	President's Budget
PBA	Program Budget Adjustment
PBDs	Program Budget Decisions
PDIP	Program Development Increment Package
PDM	Program Decision Memorandum
POM	Program Objectives Memorandum
PPBS	Planning, Programming and Budgeting System
PPOs	Program Priority Objectives
RC	Reserve Component
RDT&E	Research, Development, Testing and Evaluation
SASC	Senate Armed Services Committee
SECDEF	Secretary of Defense
SRC	Standard Requirements Code
START	Strategic Arms Reduction Treaty
TAA	Total Army Analysis
TFWE	Tactical Fighter Wing Equivalents
TSF	Tactical Support Forces
UIC	Unit Identification Code
USD(A)	Under Secretary of Defense, Acquisition
USD(P)	Under Secretary of Defense, Policy
ZBB	Zero-Based Budgeting

# 1. Introduction and Approach

In 1970 Secretary of Defense Melvin Laird issued a memorandum that said, "Emphasis will be given to concurrent consideration of the total forces, active and reserve, to determine the most advantageous mix to support national strategy and meet the threat. A total force concept will be applied in all aspects of planning, programming, manning, equipping and employing Guard and Reserve Forces."<sup>1</sup> In 1973 Secretary of Defense James Schlesinger "codified" the Total Force concept as formal DoD policy. "Total Force is no longer a 'concept'; it is now the Total Force Policy which integrates the Active, Reserve and Guard forces into a homogenous whole."<sup>2</sup> The Reserve Forces Policy Board further defined the Total Force as "the integration, planning, programming and budgeting for the manning, equipping, maintaining and training of a mix of active and reserve forces essential for meeting *initial* contingency demands for forces." While articulated as DoD policy, there has been a consistent concern by members of Congress and the reserve community that, in fact, total force options have not been well-incorporated into DoD's decisionmaking process, in particular into its Planning, Programming and Budgeting System (PPBS).

In 1990 Congress asked the Department of Defense to undertake a "study of total force policy, force mix, and military force structure,"<sup>3</sup> and complained that as far as they could see, "decisions within the Department of Defense with respect to military force mix appear to be made in a fragmented and decentralized manner." They asked that the DoD study group "evaluate the process by which decisions within the Department of Defense respecting force mix and force structure are made."<sup>4</sup> In the DoD report to Congress, the 1990 DoD Total Force Policy Study argued that the Planning, Programming and Budgeting System (PPBS) "provides a management framework for making force structure decisions."<sup>5</sup>

---

<sup>1</sup> Secretary of Defense Melvin Laird, *Support for Guard and Reserve Forces*, August 21, 1970.

<sup>2</sup> Cited in Patrick M. Cronin, *The Total Force Policy In Historical Perspective*, Center For Naval Analysis, CRM 87-78, June 1987, p. 6.

<sup>3</sup> Defense Authorization Act for FY90, Section 1101.

<sup>4</sup> Ibid.

<sup>5</sup> Total Force Policy Report, Section II, p. 34.

In 1991, Congress, as part of the Section 402 mandated Force Mix Study, asked that a new study group provide an “assessment of the existing policies and practices for implementing the Total Force Policy of the Department of Defense, including:

- (i) the methodology used by the Department of Defense in assigning missions between the active and reserve components; and
- (ii) the methodology used by the Department of Defense to determine how force reductions are distributed within and between the active and reserve components.”<sup>6</sup>

## Approach

The present study builds on past assessments and addresses the mandate by looking in detail at the development of the *Base Force*<sup>7</sup> during the critical period from 1989 to 1991, when the most significant force mix and force structure decisions since the end of World War II were made. As charged by Congress, our assessment is not an evaluation of the efficiency of the resulting force structure. Rather, it is a *case study* of the decisionmaking process - the methodologies - used by the DoD to develop its force structure. We believe this is the best way to evaluate the actual workings of the system. Accordingly, our inquiry seeks to answer the following questions: Were options presented? What criteria were used to examine the options? Were costs, benefits, and risks assessed? What was the interactive character of the debate? In other words, did the process provide the best information available for the Secretary to make his decisions regarding the force structure and its composition?

Our work uses a variety of sources: extensive interviews with individuals who participated in the process; official documentation, internal memoranda; informal notes; and published reports including Congressional testimony. Since the internal decisionmaking process of the DoD was our focus, and the inner workings of the PPBS have always been considered privileged information, specific ground rules had to be worked out with the Office of the Secretary of Defense (OSD) and the Joint Staff (JS). We were allowed to examine materials associated with the process, including critical pre-decision memoranda in order to *characterize the nature of the process*. But we agreed to

---

<sup>6</sup> National Defense Authorization Act for FY92-93.

<sup>7</sup> According to the Joint Staff and OSD definitions, the Base Force is defined as the optimum mix of forces necessary to execute the National Military Strategy (NMS). See: National Military Strategy of the United States, January 1992.



---

be process-oriented and agreed not to attribute positions to specific people or offices except where appropriate and agreed to. Our focus was the information provided to the decisionmaker, not who provided the information. Naturally we cannot claim to have exhausted every piece of relevant information. Nevertheless, we were given access to many sensitive documents and our discussions were very candid. Thus, in our judgment we have been able to portray the elements necessary to support our analysis and conclusions regarding total force policy.

## **Organization of the Report**

The remainder of this report is organized into four additional chapters. Chapter 2 is a review of DoD's decisionmaking process and past studies concerning how the DoD, "integrated (the) planning, programming and budgeting for the manning, equipping, maintaining and training of a mix of active and reserve forces." Chapter 3 is an analysis of the critical period from 1989 to 1991, when the Department of Defense struggled to, in the words of Secretary Laird's original memorandum, "determine the most advantageous mix to support national strategy and meet the threat." Chapter 4 examines the role each of the services played, particularly the Army, during this critical period. Chapter 5 contains our conclusions.

## 2. Total Force Decisionmaking in the Department of Defense

A number of past studies have analyzed DoD total force decisionmaking. In their review of the total force decisionmaking process in the DoD, the General Accounting Office (GAO) noted that “decisions on the use of reserve components occur as by-products of overall force structure decisionmaking under the planning, programming and budgeting process in each service.”<sup>1</sup> In this chapter we review the basic structure of the PPBS used by the DoD and the findings of a number of these prior studies that have addressed the issues raised by Congress.

### The Planning, Programming, and Budgeting System (PPBS)

The PPBS is DoD’s primary system for planning and managing DoD’s resources. It is a process intended to link national security strategy to specific programs. It was designed to facilitate fiscally constrained planning, programming and budgeting in terms of complete programs (i.e. forces and systems), rather than through artificial budget categories.<sup>2</sup> The goal is to determine force, system and program costs; the PPBS is designed to elicit options and provide for an evaluation of these options in terms of costs and benefits. The output of the process, the Defense Program (DP), is the official record of major resource allocation decisions made by the Secretary of Defense (SECDEF).

The PPBS is one of the SECDEF’s key management tools. The process provides the SECDEF with the means to set and control the Department’s agenda. The goal is to frame issues in national rather than service terms. As a functioning, ongoing process it is supposed to capture all important decisions affecting current and future defense budgets.<sup>3</sup> The process, therefore,

---

<sup>1</sup> *Reserve Force: DoD Guidance Needed on Assigning Roles to Reserves Under the Total Force Policy*, General Accounting Office, NSIAD-90-26, December 1989.

<sup>2</sup> Although, it provides the basis for developing the annual budget request and the analytic framework for budget defense and Congressional testimony.

<sup>3</sup> Charles Robert Roll, Jr., *Major Issues in Managing the Department of Defense*, RAND N-2882-RC, December 1989.

---

also includes documentation and databases; these items are supposed to capture all important formal decisions.

The process is not supposed to be linear, either during a phase or from one phase to the next. Rather than being a “lock step” system, it is designed to be highly interactive. The interactions take on a number of different attributes (as will be discussed in this Note).

Another dimension of the PPBS that is rarely discussed, but is critical to its purpose, is that the structure provides the “forum” for both the informal and formal debate of the issues and options at all levels of the Department. In order to prepare for the formal debates, the decisionmakers and their staffs must interact with one another on an informal basis to share information, develop options, and even define a particular participant’s strategy in the debate for resources.

The PPBS is an evolving process; it has undergone many changes since its implementation in the 1960s. The most recent change to the process was instituted with the implementation in 1986 of the Goldwater-Nichols legislation.<sup>4</sup>

Goldwater-Nichols has had many effects on the DoD resource allocation process. It (and the earlier study done by the Packard Commission) suggested the existence of serious deficiencies in the utilization of resources and decisionmaking, as well as inordinate “service” influence in the planning and budgetary process. The legislation directed that (in order to increase civilian participation), the roles of the Service Secretaries, OSD, and the Chairman, Joint Chiefs of Staff would have to be changed.

The legislation gave the Chairman, Joint Chiefs of Staff (CJCS) both the authority and the resources for a new and expanded role in the resource allocation process. With the addition of the position of the Vice Chairman—who was made the second-ranking military officer with authority to act for the Chairman in his absence—the Chairman and his expanded staff were directly responsible for providing the SECDEF with fiscally constrained military strategies and net assessments. The strengthened Chairman now provided the SECDEF with independent advice from a cross-service perspective that heretofore had been available only in private. This brought

---

<sup>4</sup> The centralization and consolidation of DoD resources began early in the 1980s with the Taft and Carlucci initiatives. The process was codified in 1986 with the passage of the Goldwater-Nichols legislation.



the Chairman and the SECDEF together as partners in developing plans and programs.

### *The Critical Elements of the PPBS*

We briefly summarize important parts of the PPBS process from the perspective of OSD. There is a hierarchy to the PPBS. Figure 1 illustrates that the planning phase starts with broad decisions involving the senior decision-makers in the Department and progresses to the budgeting phase where previously made decisions are reviewed in detail to determine how they can best be implemented.

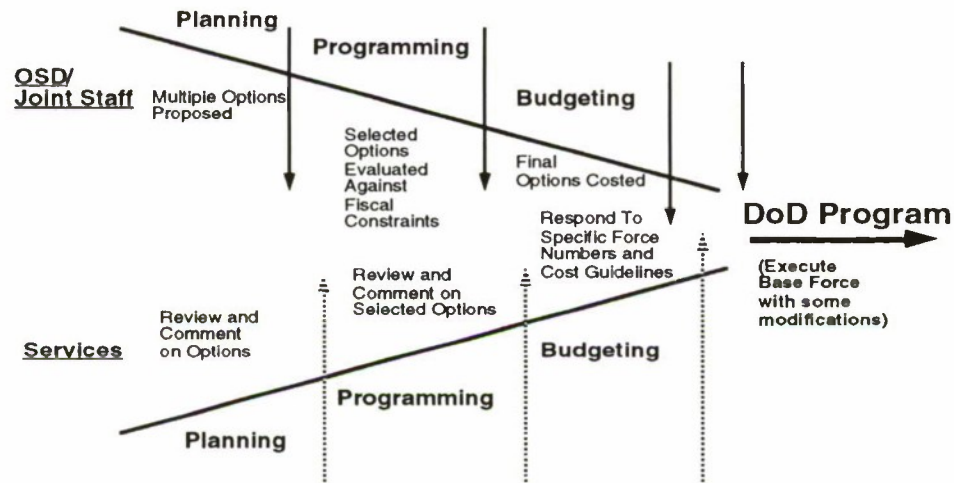


Figure 1—Decision Process as Shaped by the PPBS

Issues are proposed during the planning phase, developed during the programming phase and reviewed for execution feasibility during the budgeting phase.<sup>5</sup>

Figure 2 shows the key PPBS events as they have existed since the implementation in 1986 of a two-year budget cycle. In practice, Congress has generally

<sup>5</sup> Details of the PPBS may be found in *The Defense Resource Allocation Process*, 1990 or *Army Command and Management: Theory and Practice*, 1992-1993.

appropriated funds on an annual basis and therefore the internal DoD process has had to compromise with the demands of producing a budget submission every year. From an external perspective, this behavior could look like the one-year cycle that existed prior to 1986.

## Idealized/Generic Two-Year Process

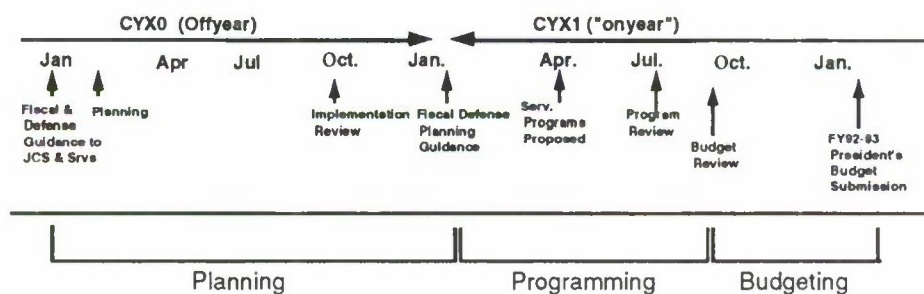


Figure 2—Generic Two-Year Cycle

Each of the three phases of a PPBS cycle is reviewed below in general terms. We do not describe the details of the off year of a two-year budget cycle, but instead concentrate on a general cycle which could be a one year cycle because the relevant cycle/timeline is more in keeping with actual events.

**Planning Phase.** A new PPBS cycle begins immediately after the budget is submitted to Congress. During the first phase, the planning phase, whose horizon may extend 15 years into the future, the existing military posture of the United States is assessed against various concerns including national security objectives and resource limitations, available military strategies, and national security objectives contained in National Security Decision Directives (NSDDs) and National Security Study Directives (NSSDs).

The output of the process, the strategic plan for developing and employing future forces, is defined in the SECDEF's Defense Planning Guidance (DPG) which may be published in the fall or early winter. The DPG contains the SECDEF's top-level guidance for producing the defense program. It is responsive to the President's national security strategy from which the national military strategy and fiscal guidance are derived, as set out by the President through the National Security Advisor and Office of Management and Budget (OMB). It may also contain very explicit program guidance regarding

core programs that the SECDEF wants the services and DoD agencies to fund in their Program Objectives Memorandums (POMs).

In past years many critics of the PPBS have complained that the first "P" in the PPBS has been silent.<sup>6</sup> During periods of international stability and fiscal consistency one would expect to see little change from one cycle to another and, while old positions will sometimes be restated in new documents, in reality little changes. There are, however, special times when major changes in the world situation or in the resources allocated to defense that the planning phase becomes imperative. The period of our case study, 1989 to 1991, was such a time. In the summer of 1990 President Bush captured the changes and uncertainties that had been faced by DoD during the planning phase the previous fall. In a speech at the Aspen Institute, he remarked that the "world is now changing. The decades-old division of Europe is ending and the era of democracy-building has begun. The changes I'm talking about have transformed our security environment. Our task today is to shape our defense capabilities to these changing strategic circumstances."<sup>7</sup>

**Programming Phase.** The transition from the planning phase to the programming phase (from the OSD perspective) falls somewhere between the issuance of the DPG and the submittal of the POMs by the Military Departments and Defense Agencies in the spring. The POMs are the Military Departments' and Defense Agencies' resource programs that reflect the DPG and the fiscal guidance. The POMs are reviewed by the Joint Staff and OSD to determine whether the programs meet the Secretary's guidance. The programming phase looks 5 or 6 years into the future.

The Chairman's evaluation of the POM, based on input provided by the Joint Staff, is contained in an internal document, the Chairman's Program Assessment (CPA). The CPA assesses the risks in the total force proposed by the services and defense agencies in their respective POMs. Included in the assessment is an evaluation of how well the POMs satisfy the requirements identified by the Commanders-in-Chief (CINCs) of the unified and specified commands.

OSD reviews the Departments' POMs and the CPA. Based on these analyses, the various OSD offices raise "issues" if there are problems perceived during the review. At one time, these issues were sorted into three tiers:

---

<sup>6</sup> Don Rice, *Government and the Nation's Resources*, RAND, P-5825, March 1977, as quoted in Chapter 1, DRMS, 1979.

<sup>7</sup> Address by President Bush at the Aspen Institute Symposium, August 2, 1990.



Tier I issues are major defense issues that are discussed and debated within the Defense Planning and Resources Board (DPRB). The DPRB consists of the SECDEF, the Deputy Secretary of Defense (DEPSECDEF), the OSD (PA&E) the DoD (Comptroller), Under Secretary of Defense (Policy) (USD(P)). Frequently, individuals (usually Assistant Secretaries and Service Chiefs) who are involved in a particular issue will be asked to attend a specific session. Typically an issue is discussed in the context of a major issue paper prepared by a team and presented at a session by a principal member.

Tier II issues are analyzed in issue papers written by OSD, staffed to the Services and decided by the DEPSECDEF.

Tier III issues are handled by OSD (Comptroller) for resolution prior to submission of the President's Budget (PB).

The decisions taken regarding Tier I and II issues were to be published in the DEPSECDEF's Program Decision Memorandum (PDM) which is normally written in mid- to late July.<sup>8</sup> The current format simply raises major issues to the DPRB level.

**Budget Phase.** The PDM marks the end of the programming phase and provides a starting point for the budget phase. The reality is that the services and Defense Agencies have started to build detailed budgets when they submit their POMs in the spring. After they receive the DEPSECDEF's program decisions in late July they must adjust their programs and budgets to bring them into line with program decisions. Their programs and budgets are submitted to the OSD Comptroller in early September (called the Budget Estimate Submission (BES)) to be followed by several months of budget hearings. Major budget issues may be heard in a DPRB Budget Review with final decisions announced in a series of Program Budget Decisions (PBDs). The totality of the final PBDs, when used to revise the BES, becomes the President's Budget, which is submitted to Congress.<sup>9</sup>

## The Defense Planning and Resources Board and the Executive Committee

The DPRB is an integral part of the PPBS structure. It meets during each phase of the PPBS. It serves as the principal formal vehicle for focusing de-

<sup>8</sup> These tiers are described in detail in *Army Command And Management*, pp. 10-14.

<sup>9</sup> See also the DoD Instruction 70456.7 for another description of the entire process.



liberations regarding all resource planning and allocation at the highest levels for the Secretary's consideration.

There is one additional deliberative body that is now an integral part of the PPBS and the advisory structure to provide information to the SECDEF. When Secretary of Defense Cheney took office his review of the then current PPBS structure suggested that planning needed further emphasis and that some streamlining was in order.<sup>10</sup> This led to renaming the Defense Resources Board (DRB), the Defense Planning and Resources Board (DPRB), and to reducing the membership. In addition, the Secretary created a DoD Executive Committee (EXCOM) "... as the key, senior deliberative and decisionmaking body within DoD for all major defense issues."<sup>11</sup> Its membership is comprised of the Chairman, JCS, DEPSECDEF, Service Secretaries, Under Secretary of Defense for Acquisition (USD(A)), and Under Secretary of Defense for Policy (USD(P)). It is very important to an understanding of the process and analysis of this Note to recognize that these deliberative bodies are the senior forums for debate regarding major defense issues and as such create a demand for information, options and analysis that is intended to provide the SECDEF the best possible information for decisionmaking. As a consequence, whether in the planning, programming or budgeting phases, issues heard at the DPRB or EXCOM levels are heard by the Secretary. As we shall show in subsequent pages, issues regarding force structure and the active/reserve mix were major issues debated and discussed at DPRB and EXCOM meetings. In the following section we discuss some of the analytic history of active/reserve mix issues.

## Past Studies of the DoD Total Force Decisionmaking System

In January 1983, the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics noted that:

[d]uring this year's program review it became obvious to me that this Administration has inherited a Total Force mix of military units without an overall policy or plan for improving that mix. Moreover, we don't seem to have even a good list of criteria to help with the decisions on whether newly needed units should be activated in the Guard, Reserve or active force . . .<sup>12</sup>

---

<sup>10</sup> See *The Defense Resource Allocation Process*, op. cit., p. III-3 for these conclusions.

<sup>11</sup> *Army Command and Management*, op. cit., p. 14-4.

<sup>12</sup> Quoted in GAO/NSIAD-90-26 Force Mix, op. cit., p. 32.

As part of an effort to correct that situation, the Assistant Secretary commissioned a number of studies to be done by the three Federally Funded Research and Development Centers (FFRDCs) that support OSD. In parallel, additional studies were also undertaken by the General Accounting Office (GAO). The studies not only reviewed the existing decisionmaking environment, but also made specific recommendations and developed tools to improve the decisionmaking process.

### *Deciding on the Overall Active/Reserve Mix*

The Logistics Management Institute (LMI) in their 1984 study<sup>13</sup> noted that generally there are two decisions that are made: first, a decision on the overall size of the active and reserve component, and then a decision on the specific mission that will be assigned to one component or another. We would make the further observation that even after it is decided what mission will be in the reserves, a decision must be made whether new units will be created, or whether specific units will be deactivated. LMI's recommendations concerning the need for specific criteria to help guide that decision relates to those decisions "made after a possible change in the active/reserve mix of the Total Force structure has been identified and specific alternatives have been defined."<sup>14</sup>

The GAO also observed in their study that the decisions concerning the overall size of a service's active and reserve component depends upon the kind of broad policy guidance that usually comes in the *planning phase* of the PPBS deliberations. Specifically, the GAO attributes the growth in the Army's reserve force structure to three factors:

- (1) an early 1980s self-imposed cap on active end strength to contain costs while providing for equipment and modernization needs, (2) a decision in the 1970s to concentrate combat capabilities in its active forces and support capabilities in its reserves, and (3) Defense guidance that calls for planning to fight a large-scale war that assumes reserve mobilization.<sup>15</sup>

The GAO noted that Congressional interest in increasing the role of Air Force reservists has encouraged the Air Force to look at ways to expand the role of

<sup>13</sup> Edward D. Simms, Jr, et al., *Total Force Composition: Improving the Force-Mix Management Process*, Logistics Management Institute, ML316, February 1984.

<sup>14</sup> Edward D. Simms, Jr, et al., *Total Force Composition: Improving the Force-Mix Management Process*, Logistics Management Institute, ML316, February 1984.

<sup>15</sup> GAO/NSIAD-90-26 Force Mix, op. cit., p. 19.

the reserves.<sup>16</sup> The same seems to hold for the Navy. In the Marine Corps, given the statutory injunction that there be three active marine divisions, there has generally been a stable active/reserve mix.<sup>17</sup>

Several reviews of total force planning have correctly focused on the need for better critical information to decisionmakers in making more informed decisions. Cost-effectiveness has two parts. A great deal of effort has recently been put into better understanding the relative cost of active and reserve forces.<sup>18</sup> RAND's Defense Manpower Research Center has provided OSD cost analysts with new approaches and tools to make appropriate total force cost comparisons. Unfortunately, less effort has been given to understanding force mix effectiveness. The Institute for Defense Analysis (IDA) in its assessment of the process noted the need to frequently review the adequacy of reserve readiness.<sup>19</sup> In fact, this issue is again highlighted by Congress in the current study when they asked the study group to "focus on the time that would be required to prepare such forces (reserve forces) for combat."

### *Components Assignments According to Missions*

Anyone familiar with the complexity of the DoD program and budget either from the vantage point of the Pentagon or Capitol Hill would not be surprised to learn that it is not and never has been constructed from a "zero base." LMI's observation that, "The Total Force mix at any time appears to be an accumulation of numerous, previous incremental force decisions made by the individual Services," could have easily been said of any major defense program area, i.e., military housing, the structure of the DoD laboratories and the assignment of ships to be overhauled in public or private shipyards. What is true, however, is that within the overall decisions about the relative size of the active and reserve components, much more could be done to provide specific rationale for the selection of specific missions and units. An example is the work on active/reserve cost methodologies jointly sponsored by the OSD Force Management and Personnel and Program Analysis and Evaluation offices.<sup>20</sup> This work is actively used by DoD program analysts to access specific active/reserve force mix proposals.

---

<sup>16</sup> Ibid., p. 21.

<sup>17</sup> Ibid., p. 23.

<sup>18</sup> See Glenn A. Gotz, et al., *Estimating the Costs of Changes in the Active/Reserve Balance*, R-3748-PA&E/FMP/JCS, September 1990.

<sup>19</sup> Stanley A. Horowitz, Colin P. Hammon, Herschel Kanter, Amy F. Woolf, *The Analytic Treatment of Reserve Policy Issues*, IDA Paper P-2122, February 1990.

<sup>20</sup> For example, "RAND has developed a systematized approach to force structure costing. At the heart of the methodology is a procedure for documenting the resource, activity, and



In reviewing the GAO and LMI reports, we noted that there was general agreement on the criteria used in the selection of reserve missions and specific units. Some of the criteria include risk, mobilization, warning times and deployment time.<sup>21</sup> The GAO also noted that while those involved in making specific active/reserve mix decisions reported that "there is little written guidance on the subject, and there is little documentation."<sup>22</sup> Army officials indicated that their "applicable criteria" closely resembled those suggested by themselves and LMI, e.g., "criteria that address costs, force capability, training and recruiting requirements, and personnel availability."<sup>23</sup>

In our assessment of the literature we found no previous analysis on the selection process of actual units. These decisions usually rest within the services. We did find, however, that on the issue of cost effectiveness, the two "local" factors that most often drove the selection of specific units were facilities and personnel sustainability. OSD-sponsored work on cost analyses methodologies have given force planners the ability to make more direct cost comparisons at the unit level.

## Assessment of Current Total Force Policy Implementation

The common element of all the reviewed studies was that they gave little weight to how the process actually works; rather, they concentrated on the content of the formal documentation. For example, the GAO noted that from 1980 to 1988 there was substantial growth in reserve forces (ranging from 22 percent to 54 percent) and that DoD officials could list "the factors considered important to making the decisions affecting new or increased mission assignments to Guard and Reserve components,"<sup>24</sup> yet the GAO still argued that the Department needed to "improve the comprehensiveness and

---

mission changes attendant to alterations in the active/reserve force mix, and a well-defined cost-element structure for capturing the full spectrum of costs." Michael G. Shanley, *Active/Reserve Cost Methodology*, RAND, R-3748/2-PA&E/FMP, 1991, p. 1.

<sup>21</sup> Some definition of terms: **Risk** is the cost of failing to apply sufficient force to accomplish a mission. **Mobilization** includes the time required for a fully trained and equipped military force to arrive at a theater. **Warning Time** is used for planning force structure and force mix in terms of preparation. **Deployment Time** is the schedule for deployment and/or employment of a unit as specified in current war plans or the time at which the unit must be fully ready and available for assembly, packing, training, movement or point of embarkation, etc. in various mobilization scenarios. See LMI, *Total Force Composition*, 1973 for definition of these terms.

<sup>22</sup> GAO/NSIAD-90-26 Force Mix, op. cit., p. 25.

<sup>23</sup> Ibid., p. 5. LMI again reviewed the criteria in a 1990 study that updated its 1984 analyses. See: Ronald B. Bailey update of LMI's 1984 report on the Total Force Logistics Management Institute, Feb. 1991.

<sup>24</sup> GAO/NSIAD-90-26 Force Mix, op. cit., p. 25.



specificity of the policy guidance.” The LMI work comes the closest to discussing the actual policies and practices. It asserts that the decision process is adequate, but needs to be disciplined; discipline includes the assessment of risk, cost and effectiveness.

This effort does not focus on formal documentation, but on the actual workings of the PPBS decisionmaking system during the development of the Base Force. We discuss many of the factors examined in these earlier assessments, e.g., the role of the Joint Staff in developing options based on the national military strategy, the roles of the regional CINCs in making their priorities known, the changing roles of the Military Departments under Goldwater-Nichols in providing required forces and of USD in evaluating them, and how the issues of cost and effectiveness were considered. The analysis is presented by discussing how the Base Force and how total force and force mix decisions evolved during each phase of the PPBS process.

### 3. Base Force Decision Process

The Base Force development process took place over approximately a year and a half. It spans the three phases of the PPBS, and in fact, provided the vehicle for making the decision. The broad sweep of the Base Force decision can be seen in the schematic on the following page (Figure 3). We show the major events, papers, meetings, etc., that shaped the base force decision in the context of the PPBS structure and process. As can be seen, the decision process very much included the Base Force through all phases of the PPBS. During the planning phase a broad number of options were developed and debated. The programming phase saw a narrowing of these options as fiscal constraints were overlaid onto the analysis. And finally, the budgeting phase was driven by ensuring that a narrower set of options adhered to the stringent fiscal guidelines. The force structure issues followed this "funnel down" process; broad force structure concepts were gradually narrowed to a specific option.

We note at the outset of our analysis that we focus on the Base Force decision process to assess the implementation of total force policy and not to assess the general workings of the PPBS. We also acknowledge that this period was a very complex environment, for serious deliberations were also held to reduce the FY91 budget.

While debating the shape of the Base Force to be submitted for FY92, our linear approach in following the Base Force process is intended to illuminate the force mix decision process, but not intended to dismiss the complexity of the period.

As shown in Figure 4, in addition to pressures on the FY91 budget, the Base Force decision process took place during a period of continuing change. During this period the Soviet Union collapsed, and Eastern Europe continued its dramatic change. Desert Shield/Desert Storm occurred. And, the October 1990 Budget Summit Agreement, between the Congress and the White House, significantly reduced DoD resources.

## Idealized/Generic Two Year Process

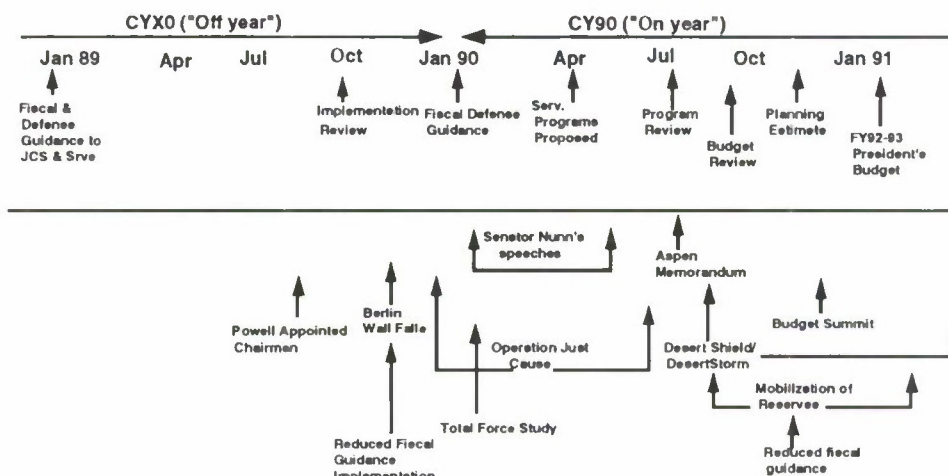


Figure 4—The Base Force Decision Process - Contributing Events

Congressional interest in force structure issues was further manifested in January 1990 when Congress mandated the Total Force Policy Study. The study group was to provide an independent assessment of the total force policy and recommend specific force mix options. The study grew out of Congress' concern for how DoD was going to restructure its forces in light of the changing environment, and in particular, adhere to the principles of the total force policy. Much of the information that the study group needed, however, was in the process of being developed. Moreover, while the Total Force Study Group was informed of the other work and eventually presented options to the SECDEF, it was only one of many organizations that were players in the process.

### Planning Phase (Spring 1989–Early Spring 1990)

The events in the Soviet Union were the impetus for a complete review of U.S. military roles and missions. Soon after his inauguration, President George Bush requested that the U.S. national security agencies examine the changes in the strategic environment. Assessments of the implications of these changes on DoD planning, and eventually, resources emerged in several places. Figure 5 shows the DoD's planning phase of the PPBS.

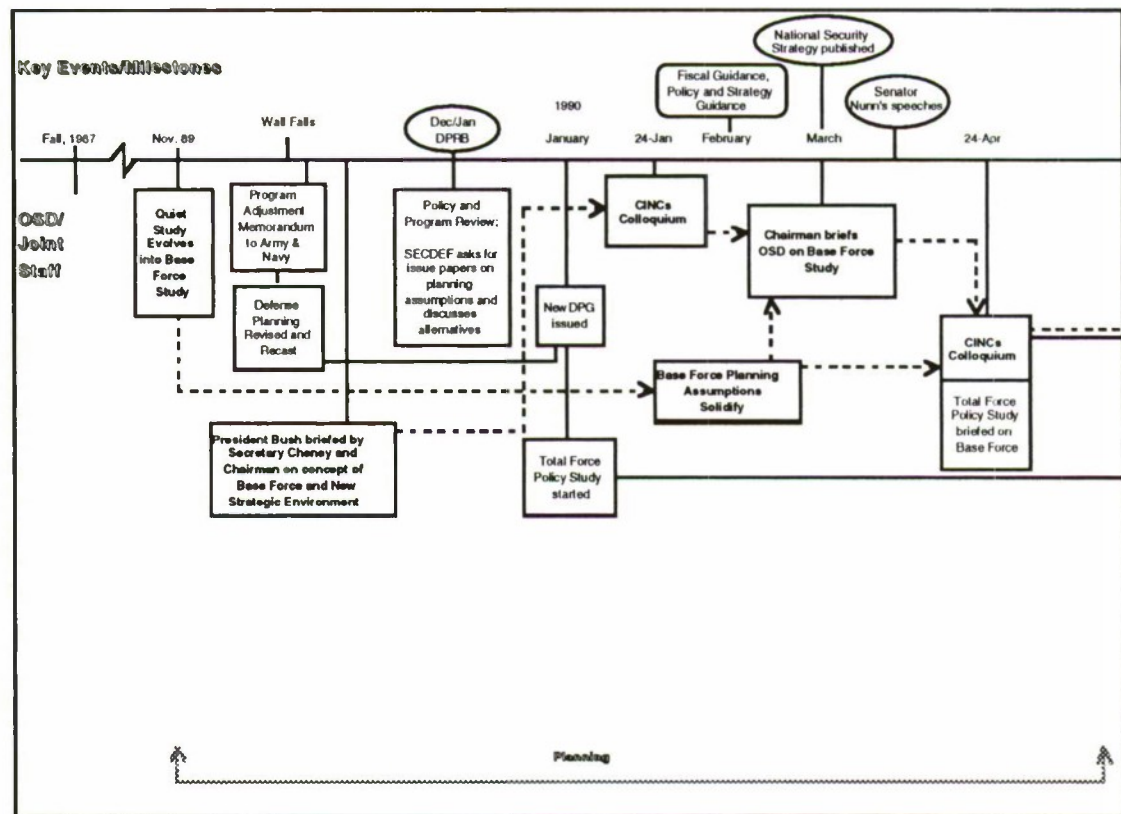


Figure 5—The Planning Phase

In the spring of 1989, the Joint Staff initiated a Force Structure/Force Mix Quiet Study.<sup>1</sup> The directors of J-5 (Strategic Plans and Policy) and J-8 (Force Structure, Resources and Assessment), with a small staff, commenced the study to examine the changes in the strategic environment and assess their implications for the upcoming FY92-97 DoD program.

Initially the Joint Staff concentrated its analysis on the reduction of the U.S. European force structure. The study group focused on how to integrate a modernized post-START nuclear force into the changing strategic environment. Another issue addressed during the study was how to maintain the global forward military presence that was essential to U.S. security. The study contained neither fiscal nor force mix guidelines.

While this Joint Staff effort was a natural outgrowth of the implementation of the Goldwater-Nichols legislation, it still was without precedent. Our data show that the service staffs were generally unaware that during the late

<sup>1</sup> Hereinafter referred to as the Quiet Study.



spring and summer of 1989 a study was underway by the J5/J8 that dealt with force structuring issues. However, service staff members frequently met with members of Joint Staff to discuss issues that we found to be integral to the Quiet Study.

In the late summer/fall of 1989, the Quiet Study was well under way and briefed to the incoming Chairman, General Colin Powell. Powell asked the study group to focus on two issues: (1) what was needed to execute the National Military Strategy, and (2) how force structure issues could be framed within a regional orientation. Both issues would become central tenets of the Base Force. This was the evolution of the Quiet Study into the Base Force Study.

As the study group saw it, the new Base Force needed to meet the operational demands across a spectrum of environments. The force had to have sufficient flexibility to adapt to changes in the environment while preserving a set of core capabilities.

The study team provided a "regional orientation" by focusing on four conceptual military force packages: Pacific Force, Atlantic Force, Contingency Force, and Strategic Force. Later, Support Capabilities, transportation, space, reconstitution, and research and development (R&D) were added.

By the Fall of 1989 the Chairman and the SECDEF were ready to share some of the Base Force's preliminary findings with a limited audience. In November 1989, General Powell discussed the study with the service chiefs. In December 1989, President Bush was briefed by Secretary Cheney and Chairman Powell on the new strategic environment and the concept of a Base Force. We were told that the President agreed with the general direction of the work and indicated that it should continue. Subsequently, in January 1990 the study was discussed with the warfighting CINCs during the Warfighting CINCs Colloquium. The Department was also beginning to prepare for the FY91-92 budget submission and the FY92-97 program review. The FY91-92 budget was only the second true biennial budget cycle executed by the Pentagon. It was the first time that the Chairman had directly (and actively) participated in the PPBS. The planning assumptions, however, were outdated, reflecting the Cold War threat. Nevertheless, it was decided that a budget should be produced in order to meet Congressional schedules even though new strategy and force structure guidelines could not be completed in time for the January 1990 budget submittal to Congress. As we have said, this would create a complex environment for DoD in the spring of 1990 when

Congress was eager to debate new force structure options based on the new strategic realities.

Our research shows that in early 1990 the Base Force Study and the POM-cycle (FY92-97 program) became interwoven. Fiscal constraints were now overlaid onto Joint Staff analysis. Four general force structure objectives shaped the work: (1) a minimum force structure for enduring defense needs; (2) a credible force to friends and foes; (3) an expandable force; and (4) a larger force, if affordable, to enhance flexibility. As determined by the planning phase schedule, the SECDEF would issue Defense Planning Guidance (DPG) for services and defense agencies that would focus the Department's planning efforts and provide a consistent set of assumptions around which the program and budget could be built. The Chairman was responsible for producing a set of planning scenarios to be incorporated in the DPG. However, the rapidly changing situation in Europe, marked by the fall of the Berlin Wall in November of 1989, caused the SECDEF to revise and recast the draft DPG and the Chairman to decide not to issue the Joint Military Net Assessment (JMNA), since these documents and supporting scenarios were based on the Warsaw Pact threat. In the context of new political/military events, the document would not be useful in the upcoming Program Review.

The absence of the planning scenarios resulted in the services pressuring the Joint Staff (J5) for the scenario set. In response, the J5 began to "coordinate a new, multiple scenario set with the services for review and comment."<sup>2</sup> This was reinforced by USD(P)'s developing an outline with the CJCS for scenarios to be developed for the Total Force Policy Study. It was not until May 1990, however, that the draft scenarios were released to the services for review and comment. The draft scenarios were used in the development of the Chairman's Program Assessment (CPA) and in the Total Force Policy Study.

The lack of DoD-wide planning assumptions and scenarios created problems for the services and Defense Agencies since they had no basis in which to build their POMs, which were due to the SECDEF in late April. An updated DPG was reissued on January 24, 1990, but without the scenario set. It emphasized the uncertainty of the situation, but provided no central vision or planning assumptions for the force structure. Force mix considerations were not addressed explicitly.

---

<sup>2</sup> Internal Army Working Papers, July 5, 1990.

Nonetheless, the SECDEF used the PPBS structure by initiating a "Policy and Program Review," a series of discussions regarding future planning and programming issues to be heard in the DPRB meetings. He asked his principal staff offices and the services to prepare "issue papers" that might help him develop new policy and strategy options. For instance, in December 1989, just weeks after the fall of the Berlin Wall, the DPRB published a force-structure-alternatives paper to foster a debate about U.S. force structure for NATO. The paper was written by members of the Base Force study group, the Office of the Under Secretary of Defense for Policy, and the Assistant Secretary of Defense for Program Analysis and Evaluation (PA&E); it proposed four force size and force mix options. It requested that the services review and comment on the proposed options.<sup>3</sup> A second issue paper requested that the services review and comment on the force structure planning assumptions being used by the Base Force study group.<sup>4</sup>

If the situation in terms of program guidance was "uncertain," it was also unrealistic in terms of fiscal guidance. In February the SECDEF published the fiscal guidance for POM FY92-97. As further guidance, and a major innovation, this guidance also provided some general notions about the size of budgets in various program areas. Finally, the memorandum noted that "the DPRB will examine the major issues confronting the Department which could result in a revision of priorities, and ultimately, a revision of the POM submissions."<sup>5</sup> It further noted that although the military departments would prepare their POM submissions separately, the Department intended to review the POMs as integral parts of a Department of Defense-wide program.<sup>6</sup>

The PPBS schedule facilitated a lot of interaction between all of the key program participants. The Base Force work continued to evolve; the team now included strategists, planners and programmers.<sup>7</sup> Selected members of the Service staffs were also included in the analysis. By early spring 1990 the basic structure of the Base Force was defined. The central issues to be resolved were: When to begin the drawdown? Is the Base Force affordable? When should growth and modernization be planned in the out years? In March 1990, the Chairman briefed and discussed these Base Force issues with several OSD principals. Analysis of the cost-effectiveness of the Base Force was

---

<sup>3</sup> DPRB issue paper, Army and Air Forces for NATO (unclassified) December 1989.

<sup>4</sup> Evaluation of Planning Assumptions Paper.

<sup>5</sup> Fiscal Guidance FY92-97 (unclassified), February 1990.

<sup>6</sup> Ibid.

<sup>7</sup> By early 1990 the J8 had reorganized to accommodate the changes in both the strategic and internal planning environments.



discussed. Included in the discussion was the full range of trade-offs between force structure and force mix options: risk, mobilization, warning times and deployment times.

The CINCs were also involved in the process through the Chairman, the Joint Staff, and their respective services. They were formally apprised of the Base Force analysis through various CINC Colloquiums. For instance, on April 24, 1990 the Chairman again briefed the CINCs (with the Service Chiefs present) on the status of the Base Force work. This briefing revealed the extent to which the analysis had matured. Particular emphasis was given to how the Army would be affected by the changes.

### ***Key Factors in the Planning Phase***

In summary the planning phase saw considerable discussion and evaluation of alternative force structure and mix plans in an analytic context of cost effectiveness. The December 1989 force structure paper and the January issue paper concerning the evaluation of the planning assumptions were key elements, as the early results of these paper signaled to the Quiet Study. It was during this phase that the concept of the Base Force was set. Its analytic underpinnings emphasized generic capabilities, with a focus on strategic deterrence and defense, forward presence, crisis response and reconstitution.

### **Programming Phase (February 1990–September 1990)**

The programming phase usually begins when Defense Programming and Fiscal Guidance are given to the services and defense agencies (see Appendix A). The programming phase is marked by the review of the services' POMs by OSD and the Chairman, the DPRB issue papers, and the program decisions contained in the Program Decision Memorandum (PDM) and Program Assumptions Memorandum (PAM). Figure 6 shows the significant events that took place during the course of the programming phase. The highlighted boxes indicate how the Base Force decision process became further interwoven into the program considerations, consistent with our assertion that the process is designed to narrow options as it moves from phase to phase.



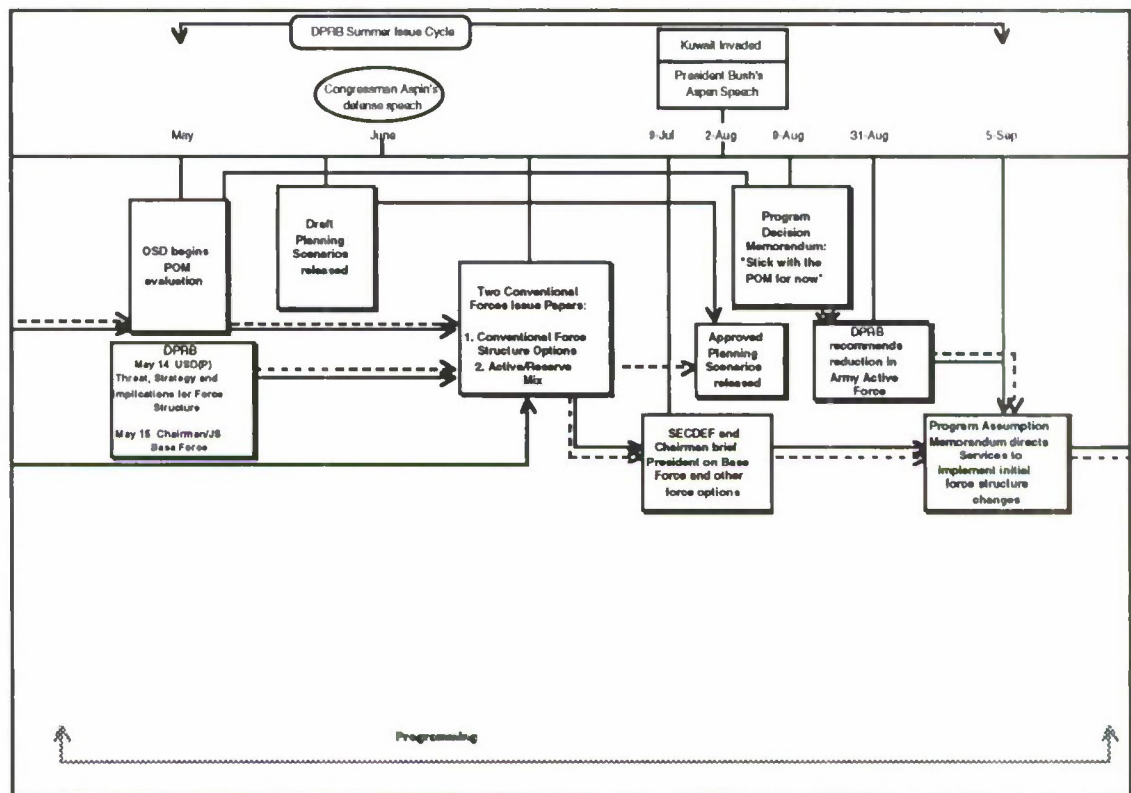


Figure 6—The Programming Phase

In general, the internal view of the programming phase was that it would be used to make budget and force structure adjustments. But, all of the participants—OSD, the Chairman, the Joint Staff and the military departments—acknowledged that the programming cycle would probably be out of synchronization with the rapidly changing domestic and strategic environments.

The phase was shaped by DoD's uncertainty over the changing strategic environment and the mood of Congress concerning the deficit and expenditures on domestic programs. In March 1990 President Bush, in his *Report On the National Security Strategy Of the United States*, set the tone for the programming and budgeting phases. He indicated that force structure must be rethought, asserting that more emphasis would be placed on reserve forces which "are less expensive to maintain." Those missions that require a "high surge" activity in wartime, but have a comparatively low activity in peace-

time, are ideal for reservists. President Bush also noted that cost considerations were paramount and should be carefully weighed.<sup>8</sup>

During the programming phase in March and April Senator Sam Nunn gave a series of floor speeches. The speeches focused on the DoD budget and defense strategy.<sup>9</sup>

In his March 29, 1990, speech Senator Nunn indicated that as a result of the major changes in the "nature of the Soviet threat," the strategic environment would change. As he saw it, nationalism was likely to reassert itself as the international order moves away from superpower confrontation and toward multipolar distribution of power and influence. The challenge for the U.S., he argued, was to distinguish between threats and risks. The most critical question facing the U.S. is "how much force is enough"; what is sufficient to deter or defend against these threats and protect our security interests? He further noted that, "To answer these questions requires new thinking on the part of DoD."<sup>10</sup> He lauded President Bush's Report on the National Security Strategy, and noted that now the national military strategy must address the issues raised by the Bush report.

In his second speech (April 19, 1990) Nunn explicitly stated that U.S. capabilities had to be restructured. The restructuring needed to look across various contingencies. Integral to the restructuring of the U.S.' new military strategy was a proper force mix. Nunn notes that in this "period of increased warning time and fiscal austerity, we must conduct a fundamental re-examination of the use of reserves in the leave military services."<sup>11</sup> There are missions that can be transferred to the reserve components. He also noted that active duty personnel have to be more involved with the reserves. Nunn then gave several examples of how entire missions could be moved to the reserves. For instance, he indicated that the increased warning time of conventional conflict in Europe allows "the heavy armor mission to be shifted to the reserve components."<sup>12</sup> In comparison with the other military branches, however, the Air Force has most effectively used the reserve components.

In his final speech on April 20, 1990, Senator Nunn summarized what a new strategy should contain: (1) nuclear deterrence, (2) reduction in forward de-

---

<sup>8</sup> Report on the National Security of the United States, March 1990.

<sup>9</sup> DoD Summary of Speeches, April 21, 1990.

<sup>10</sup> Defense Floor Speeches by U.S. Senator Sam Nunn, Defense Budget Blanks, March 29, 1990.

<sup>11</sup> Floor Speech, Sen. Sam Nunn, April 19, 1990.

<sup>12</sup> Op. cit.

ployed troops, (3) *focus on the reserves, and specifically, their force structure for a reinforcement mission*, (4) employment of the concept of flexible readiness, and (5) increased use of prototypes for smarter systems (not necessarily new ones). Nunn stated that "over a five year period, the savings from implementing this strategy would be more substantial. A determined, yet practical implementation of this new strategy would save approximately \$225-\$255 billion in budget authority and \$180-\$190 billion in outlays from fiscal year 1991 through 1995."<sup>13</sup>

According to our data, in response to Nunn's new strategic vision the SECDEF and Chairman decided that an unclassified National Military Strategy (NMS) should be published. It would lay down the whole concept of the Base Force, with particular emphasis on how DoD's program was derived from the President's National Security Strategy. The NMS would show how the new military strategy and the Base Force was an outgrowth of the national security strategy—demonstrating the top-down linkage and guidance explicitly called for by Congress. The NMS would draw a direct connection between the Base Force and the new military strategy. "The broad, enduring national security interests and objectives, articulated by the President in his National Security Strategy of the United States, provide the guidance for the development of our National Military Strategy."<sup>14</sup>

In his June testimony before the Senate Armed Services Committee (SASC) concerning the FY 1991-92 defense program, Secretary of Defense Dick Cheney indicated that there was going to be a large reduction in force structure. It was here that Secretary Cheney revealed that by FY95 there would be a 10 percent reduction in the current budget and a 25 percent force reduction. The SASC membership indicated that "most of the budget exercise was going to start with this force structure," and that any emerging budget agreements between President Bush and the Congress would likely result in wide-spread changes in the military's organization, operating methods, and modernization plans.<sup>15</sup> Reductions could go as high as 25 percent.<sup>16</sup>

A second round from Capital Hill came in mid-June (June 18th) when Chairman Les Aspin, of the House Armed services Committee, issued a

<sup>13</sup> Floor Speech, Sen. Sam Nunn, April 20, 1990.

<sup>14</sup> *National Military Strategy of the United States*, 1992.

<sup>15</sup> Cheney's Latest Plan Shows Only Part of Ax Blade, *Congressional Quarterly*, June 23, 1990.

<sup>16</sup> Department of Defense Appropriations For Fiscal Year 1991, June 12, 1990, Department of Defense, Statement of Hon. Richard Cheney, Secretary of Defense and subcommittee comments, pp. 297-359.



memorandum questioning how a 25 percent force structure reduction by FY95 would result in a mere 10 percent decline in the defense budget.<sup>17</sup> It is important to note that as these occurred, the Department had been and was addressing the same strategic issues such as constitution, crisis response, etc. Secretary Cheney issued a memo following the June 18th Aspin memorandum, that outlined the illustrative force structure reductions based on the 25 percent cut by FY95 and the 10 percent decline in expenditure. The Chairman and the J8 assisted in the writing of the memorandum. The force structure mirrors several aspects of the Base Force—regional focus with four packages, forward stationing, and the active component handling most of the crisis response mission. The Base Force was to be in place by FY1995.<sup>18</sup> On June 28, 1990, the OSD Comptroller published a memorandum further delineating the cuts that could be expected between FY91 and FY95. Included was the 25 percent decline in force structure. These issues and concerns helped to shape the rest of the program review.<sup>19</sup>

These issues were raised and formally debated in the Department through the issue-paper cycle. On May 14, USD(P) briefed the DPRB on how the changed strategic environment could impact future force structure decisions, USD(P) also kicked off the program review in late June by noting in an issue paper that one of the key principles to be demonstrated in DoD's program was a clear and defensible linkage between the national security strategy, the national military strategy and objectives, the defense strategy, and the proposed DoD program and budget. Force structure and force mix issues were key to the debate. Some criteria used by the Base Force study for force sizing and mix were applied. This included the Base Force's four conceptual force packages.<sup>20</sup> The paper stressed that trade offs had to be done between the four conceptual and reconstitution. Of these things reconstitution was the least defined because of the continued uncertainty over warning times.

Between May and September 1990 the Joint Staff continued to work on the details of the Base Force. During the May/June program review cycle the DPRB concentrated on pulling together the various elements of the force structuring debate. These meetings were well-attended by the key DoD leadership and/or their staff principals. The debate focused on the implications of the 25 percent force reduction and how to stay within the "top fiscal line" as laid out in the February fiscal guidance paper.

---

<sup>17</sup> Congressional Quarterly, June 23, 1990.

<sup>18</sup> Internal OSD working papers, June 26, 1990.

<sup>19</sup> Internal OSD comptroller memorandum, June 28, 1990.

<sup>20</sup> DPRB Issue Paper On Conventional Force Structure, USD (P)/JS, June 26, 1990.



Two major issue papers which focused on force structuring and force mix options were prepared for the DPRB meetings during the Summer Program Review. The first issue paper was presented at the June 28, 1990, DPRB meeting by USD(P) and the Chairman and we have already referred to its contents above. It reflects the nature of the debate: Do the service programs reflect a conventional force posture that adequately responds to the emerging strategy? Are the posited force structure and force mix options sufficient to respond to the current and projected threats and strategy with the available resources? How flexible are the proposed force structures and force mixes? A variety of alternatives were debated, including an alternative that was the Base Force.

The second issue paper was presented by ASD (FM&P) and ASD (RA) and discussed before the DPRB on July 17, 1990. The paper posed five force structuring alternatives. Alternative 1 was the POM submission, and Alternative 2 was the Base Force option, Alternatives 3 through 5 contained more reliance on the reserves. The paper noted that it is imperative that the force structure options be put against the "budgetary realities" facing DoD.<sup>21</sup> The paper also noted that trade-offs need to concentrate on capabilities and costs. While the first DPRB paper focused largely on force structure, this second paper focused squarely on the active/reserve mix. In terms of views presented, not only were a variety of options raised, but members of the Total Force Policy Study Group were active participants in the construction of the issue paper.

The Active/Reserve Mix paper elicited a strong debate among the members of OSD, the Joint Staff and the services. Some argued that reserve forces were almost always less expensive to organize and maintain than comparable active forces. Others argued that cost-effectiveness had to include all costs associated with reserves. This included the supporting infrastructure—training, medical care, base facilities, etc.—and peacetime operations (unit operating tempo, base operations, transport, etc.). Reserves might not be significantly less expensive than active forces. And, comparisons had to include all elements of capability. In other words, the notion was that reserves might not provide the same capability as the active component. The active component was challenged and alternatives were made to compete on cost-effectiveness principles. It was not the case that the default option was increased use of reserves.

---

<sup>21</sup> Active/Reserve Mix in a Total Force (unclassified) IM-2060.

Paralleling the issue cycle, other related events occurred. On June 11, 1990, the Chairman briefed the Service Chiefs on the status of the Base Force and its costs. The same briefing was presented to the full DPRB on May 15, 1990. The Chairman of the Total Force Policy Study was also present.<sup>22</sup>

According to our review, on July 9, 1990, the SECDEF and the Chairman briefed President Bush on the Base Force and the various force structuring options. Much of the material presented at the DPRB on June 28th was given to the President. It was incorporated into his August 2, 1990, speech at the Aspen Institute Symposium. In that speech, the President discussed the 25 percent reduction in force structure by FY1995. He also indicated that the force structure needed to be rethought, and that the military strategy would have a regional focus. Concerning force mix issues, President Bush indicated that the active forces will respond to crises. President Bush stated that the reserves would be utilized in new ways, particularly given the diminished need for short-term mobilizations.<sup>23</sup>

An August 9, 1990, Program Decision Memorandum (PDM) directed the services to stay with their POM numbers generally for the time being, but also to be prepared to make adjustments in keeping with the fiscal guidance. The number of reserve units were, however, reduced to those in the Base Force.

The debate among the Army, OSD, the Chairman, and the Joint Staff concerning the Base Force continued through the remainder of the summer. It focused on the assignment of the reserve and active forces across the various operations. The Army and some representatives from the Joint Staff debated issues of flexible response, forward presence and the cost effectiveness of a "constant evolving force" (i.e., the reserve force).<sup>24</sup> Despite these marginal deliberations, we believe the Base Force and its attended active/reserve mix had been decided upon sometime prior to President Bush's August 2 speech. Because of the timing of the invasion of Kuwait and its uncertainties, it was natural to see a willingness to temporarily suspend or slow a decision to reduce force structure dramatically.

The programming phase concluded with the issuance on September 5, 1990, of a Program Assumption Memorandum (PAM). The PAM was the first one issued by OSD that we are aware of. It was determined that the services

---

<sup>22</sup> Interview, Sean O'Keefe, former OSD, Comptroller, July 16, 1992.

<sup>23</sup> In Defense of Defense, President George Bush's Speech to the Aspen Institute Symposium, August 2, 1990.

<sup>24</sup> Active/Reserve Mix issues; private papers (internal memoranda).

needed program guidance/clarification.<sup>25</sup> The PAM directed the military departments to implement some elements of the Base Force, and allowed some latitude for additional options as long as the services provided "a force structure that is logical and stays within fiscal constraints."<sup>26</sup> The PAM contained guidance on several force structuring issues: For instance, the Army was directed to reduce its reserve combat structure and to equip two cadre divisions at reduced strength. The Air Force was directed to reduce the number of active force tactical fighter wing equivalents (TFWE) by FY1995.<sup>27</sup> The various Air Force responses to these reductions were due to the DEPSECDEF by October 15, 1990. In addition, separate responses/options were requested of the Chairman and the OSD Comptroller regarding the appropriateness of the Air Force reduction. The Chairman's recommendation, if approved after it was reviewed (and it was), would require the Air Force to fund the reserve TFWE at one hundred percent of equipment and seventy-five percent manning.

### *Key Factors In the Programming Phase*

There is little question that the programming phase took place during a turbulent period. Again, the schedule and framework defined by the PPBS structured the debate.

The issue papers structured the force structure and mix debate, but not all factors were weighed equally. The programming phase was shaped more by issues of risk and force effectiveness, but also increasingly by cost. Readiness and force effectiveness were only debated with regard to force mix decisions. In the informal process costs were rigorously debated. The services and the Joint Staff were quite vocal in asserting that cost must include total costs rather than just direct costs. Thus, force efficiency, particularly how the force mix was arrayed across the force packages, was included in the cost debate. This argument continued throughout the course of the programming and budgeting phases.

---

<sup>25</sup> There was considerable debate among the OSD leadership concerning whether the PAM should even be published. Some individuals argued that DoD should go with a POM Addendum; others contended that there had to be an aggregation of direction into one document.

<sup>26</sup> Program Assumption Memorandum/Program Decision Memorandum, September 5, 1990 (unclassified sections).

<sup>27</sup> PAM, September 5, 1990.



## Budgeting Phase (October 1990–January 1991)

The budgeting phase centers around the budget hearings and the various drafts of Program Budget Decisions (PBDs), most of which are not kept longer than the time it takes to produce another draft PBD. As a result, there are not many surviving internal memoranda, information papers, and position papers that allow us to gain a firsthand view of the decisionmaking process during the budget review phase.

Figure 7 shows the budgeting phase. The options had been narrowed to a consideration of force mix issues within the context of costs and the outlines of the base force. As will be discussed, the goal was to stay within the fiscal guidelines provided by the President's fiscal guidance and then the reductions of the budget summit.

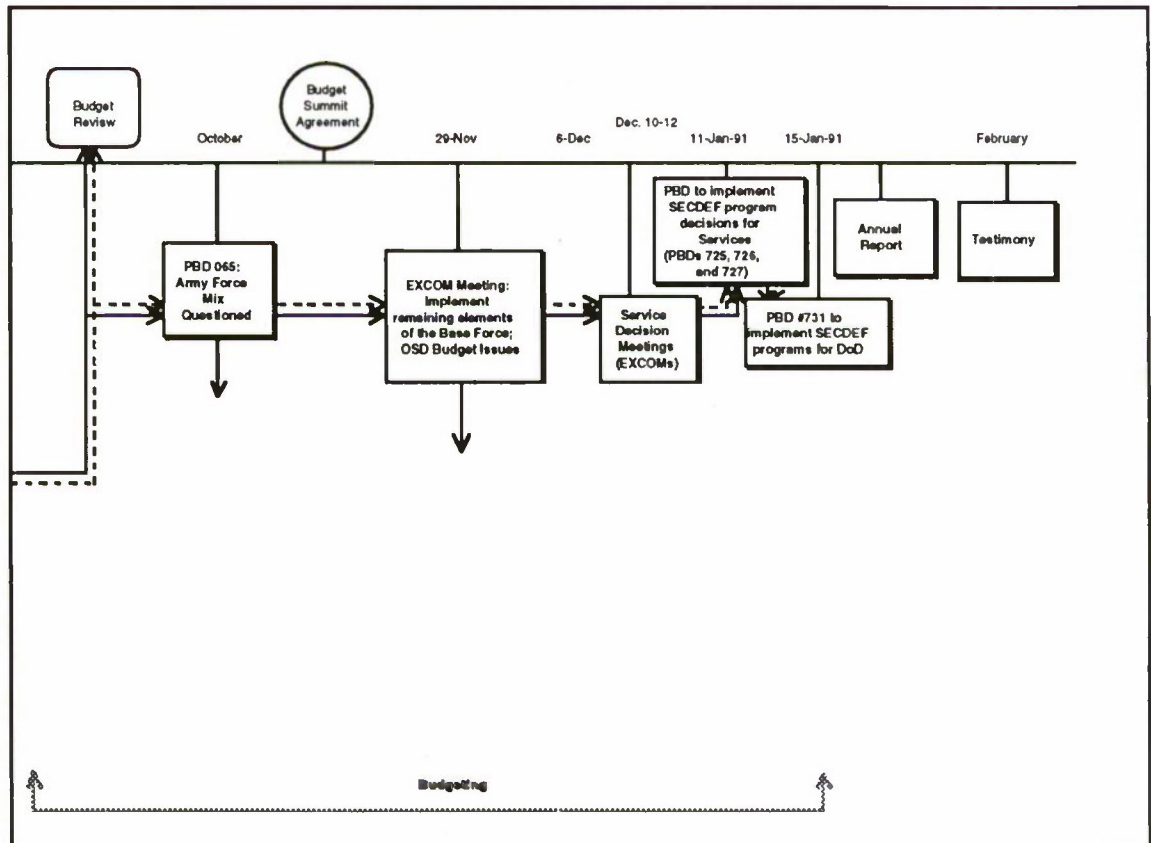


Figure 7—The Budgeting Phase

The central feature of the budgeting phase was the need to stay within the fiscal guidance. The debate was structured around the cost of the Base Force



and small variations to its structure because the general size had already been determined.<sup>28</sup>

The phase began with the services' response (due on September 17, 1990) to the September 5, 1990, PAM/PDM. However, there was some concern raised over the Army results. Concerning force structure and force mix issues, between September and October reclamation requests were passed among the Army, ASD(RA), USD (P) and the DoD Comptroller. The Army and the ASD(RA) asserted that the PAM reserve numbers contained a "mathematical error" that made the reserve component figures too low. The USD(P) and the DoD Comptroller responded that the reserve reductions reflected decisions reached in the force structure DPRB debate which concluded that the reserves should be reduced by a certain percentage by FY95. The response also indicated that perhaps reserve issues, within the whole force mix/force reduction debate, had not been adequately considered and, therefore, that a working group should be formed to address these issues. The group should consist of the key OSD decisionmakers, including representatives from manpower and reserve affairs.<sup>29</sup>

In October, the Congress and the Administration reached an agreement on the size of domestic and national security spending to cover the next five years. It further reduced FY91-94 defense expenditure to a 2 percent real decline; this equaled approximately \$106.9 billion in FY92 dollars. OSD informed the services that all of their POMs exceeded the levels established by the Summit Agreement; in FY92 the services were above the agreed-to-levels by \$26.7 billion and from FY92-95 they were \$127.4 billion over budget. The budgeting phase now focused solely on bringing the budget into alignment with the Budget Summit Agreement.<sup>30</sup>

PBD O65 is representative of the debate that went on between OSD and the services in response to the October Budget Summit Agreement. This PBD was a result of the PAM. It addressed the Army's reserve components as found in the FY92-97 program. It directed the Army to reduce its reserve component and to develop one alternative based on the division force structure discussed in the PAM. The PBD also requested an historical analysis of the Army's use of cadre divisions.<sup>31</sup>

---

<sup>28</sup> Interview, Sean O'Keefe, DoD Comptroller, June 25, 1992.

<sup>29</sup> Unsigned memoranda, ASD (RA) and USD(P), September 28, 1990, and October 5, 1990. We have no evidence that such a group was ever convened.

<sup>30</sup> November 29, 1990, DoD Budget Briefing to the Services (unclassified).

<sup>31</sup> PBD O65, October 1990.

A second alternative was proposed. The PAM force levels would be implemented with a reduction in reserve strength of 130,000 by FY1997 in "accordance with the Base Force strategy of crisis response and reconstitution."<sup>32</sup> The Army response concerning the alternatives was due to OSD in ten working days. In addition, the Army was directed to submit to the SECDEF by April 1, 1991, a "comprehensive plan for sizing the active and reserve components in accordance with the overall reduction in reserve manning and a Crisis Response/Reconstitution strategy as laid down by the Joint Staff."<sup>33</sup>

The period between the Budget Summit Agreement and the President's Budget submission was marked by the services developing options in response to the anticipated lower fiscal guidance. In the November 29, 1990, EXCOM meeting on the FY92-97 DoD budget, the SECDEF presented his detailed proposal for accommodating lower fiscal guidance.<sup>34</sup> A four-pronged approach had characterized his strategy presented for reducing generally costs, the first two of which had already been accomplished: (1) management initiatives to streamline procedures and streamline staffs and (2) a hard budget scrub. The remaining prongs were (3) additional force structure reductions to the Base Force; and (4) adjustments in the military departments' modernization and operations accounts.<sup>35</sup> There was no debate among the key participants that the Base Force was not to be implemented.

According to the briefing, several of these initiatives had already resulted in substantial cost savings. For instance, the PBDs and DMRDs (Defense Management Review Directives) had contributed substantially to reducing defense expenditures, but further reductions needed to be taken. Out year expenditures were still far above the Budget Summit levels. The Military Departments were directed to reduce the major investment and modernization accounts and some force structure. Reduced force structure numbers were presented; the Army had the largest reductions, particularly in the reserve forces.<sup>36</sup>

The force structure numbers were not settled until after the December 6, 1990, service presentations of their responses to the November 29, 1990, DoD budget presentation to the EXCOM. Although minor in size, these service

---

<sup>32</sup>Op. cit.

<sup>33</sup>Op. cit.

<sup>34</sup>November 29, 1990, DoD Budget Briefing.

<sup>35</sup>Ibid. Some of the programs or accounts included; Procurement, Research, Development, Testing and Evaluation (RDT&E), and Engineering Construction.

<sup>36</sup>Ibid.

changes had some force mix consequences. (This will be discussed in the next section.) The Base Force numbers were implemented, therefore, but with a few minor modifications. The final agreements were formalized in the January 11, 1991, PBDs, which directed the services to implement the results, and in the January 15, 1991, PBD, which directed that all of DoD implement its contents.<sup>37</sup> The Secretary's Annual Report to Congress in January 91 describes the Base Force and its rationale.

### *Key Factors in the Budgeting Phase*

The budgeting phase was driven by the final formal decision in reductions to the Base Force levels and the alignment of the DoD program with the top line initially established by the PAM, and later, by the October Budget Summit Agreement. The OSD leadership directed the services to respond to both stated alternatives and to develop new ones. But the guidelines for what the new alternatives had to include were very specific. And most important, new options had to be within the force structure and fiscal guidelines.

### **Assessment of the Implementation of Base Force-Total Force Policy**

The Base Force was mostly defined during the planning phase. In the programming phase the numbers were refined as was the force mix across operational areas. By August/September, when the programming phase concluded, it was clear that the Base Force was going to be implemented, but with some marginal force structure changes. Thus, the budgeting phase was driven by cost—the cost of the various options found in the Base Force work and other program costs.

One area of concern was the balance of the considerations in the planning phase. There was significant debate over how forward presence differed from forward deployed forces. And it was also debated as to how these differences would be reflected in the distribution of the active and reserve components across functional areas. The issue of costs (and how they were defined) was pivotal to the discussions of force-mix options.

By the programming phase documentation and interviews confirm that many of the planners and programmers agreed that the world was becoming very different. It was noted that the programming phase was out of syn-

---

<sup>37</sup> PBDs, Jan. 11, 1991 -#725, 726, 727; PBD Jan. 15, 1991 - #731.



chronization, trying to catch up with changing world events and anticipated large declines in budgets.

It is within this context that we can evaluate the weighing of the critical decision factors. Risk became much less of a concern by the end of the programming phase because the Base Force had been analyzed and accepted by the senior DoD leadership. The analysis was now driven by clearly defining the top-down linkages and meeting fiscal constraints.

The budgeting phase was driven by the cost of the Base Force, the costs of other programs and the Budget Summit Agenda. During the phase implementation of the Base Force had been accepted, but with room for marginal changes.

Also by the time of the budgeting phase the Chairman and the Joint Staff had established their prerogatives. There is no indication in the documentation nor in our interviews that the Chairman's power to build force structure options and participate in the debate were any longer questioned. Rather, (as will be seen) the service staffs actively interacted with the Joint Staff to argue options and present "their cases."



## 4. Service Participation in the Base Force Decision Process

This section discusses the Base Force decision process from the perspectives of the military departments. The services were responsible for both commenting on it and generating new options. Some of the key issues in this section are: How did the services' participate in the debate, and what was the character of the participation? How did they view and respond to the guidance?

All the services were affected by the changes in force structure. Since the Army was the most affected we chose to do an in-depth analysis of its interactions with the OSD leadership, and to summarize the Navy and Air Force participation. (See Appendix A for the Chronology of events.)

### Army

The Army began to re-examine the strategic environment in Fall of 1987, well before the Joint Staff "Quiet Study." The new Chief of Staff of the Army, General Carl E. Vuono, concluded that the Conventional Forces in Europe (CFE) talks had long-term implications for the U.S. Army's European presence. A small study team, composed of several general officers and senior colonels,<sup>1</sup> was formed to assess these changes on the future Army program. No fiscal constraints were overlaid onto the analysis. The study was "closely held" and called Antaeus, a Greek word meaning "from the earth" or "springing from the earth." Figure 8 shows the chronology of the Army's participation in the Base Force decision process.

The Antaeus work continued for approximately two years (Fall 1987–Fall 1989). Force structure options were developed. Most of them dealt with the U.S. force size in Europe. Force mix issues were never raised. The study's main assumption was that the Soviet Union could re-emerge as a hostile and

---

<sup>1</sup> The initial study cell included: the Chief of Staff, Deputy Chief of Staff, Operations and Plans (DCSOPS), Deputy Director, DCSOPS, FD; Deputy Chief of Staff Personnel, and several senior colonels who were drawn from the strategy and force development communities.

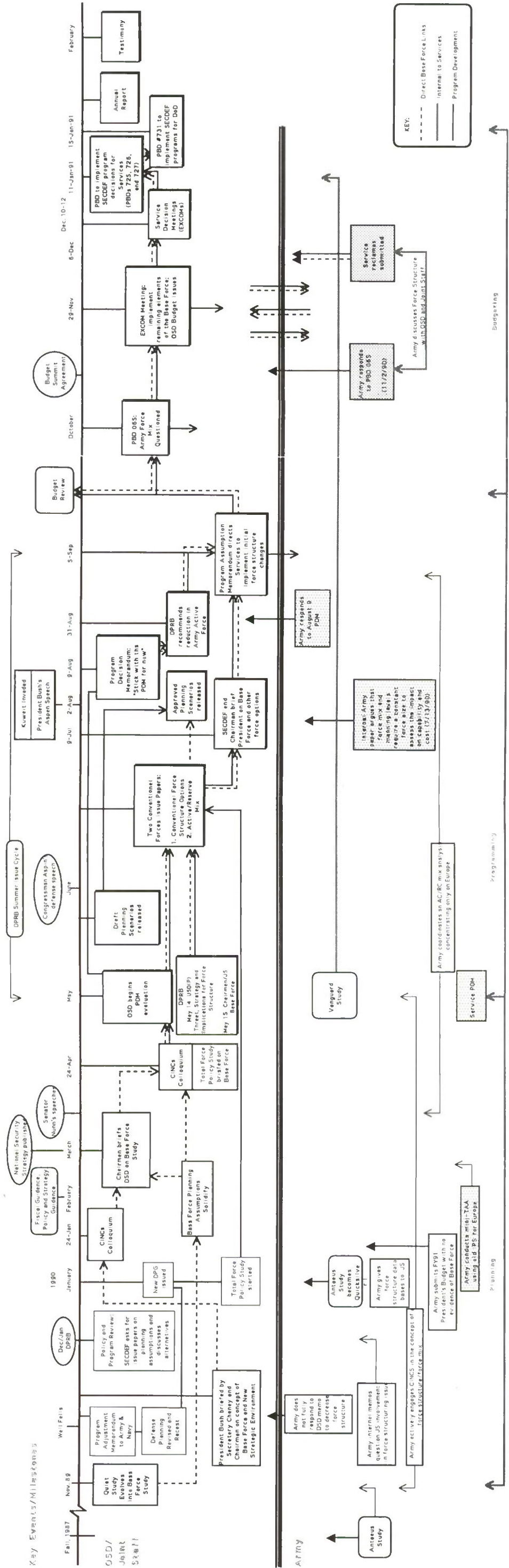


Figure 8—Army Participation in the Base Force Decision Process

F 1992-97 P 0104

threatening enemy.<sup>2</sup> By the late Fall 1989, the Antaeus work concluded that force structure reductions in Europe should be minimal.

When the Quiet Study was initiated, members of the Joint Staff's J5 and J8 were kept cognizant of the Army's Antaeus work. Material was shared by the Army study team with members of both the Quiet Study and the later Base Force study. However, internal memoranda suggest that during the early phases of the Base Force study the Army staff was concerned about the Joint Staff's involvement in force structuring issues. Findings from the Antaeus work were also shared in various sessions held for the Joint Chiefs of Staff.

In November 1989 the Antaeus results were used to respond to a DEPSECDEF Program Budget Adjustment (PBA). The Army's response characterized some of the implications of the recent changes in Europe.<sup>3</sup>

By January 1990 the Antaeus Study had evolved into the more visible Quicksilver 1. Its purpose was to give high-level centralized guidance to the Army's POM development. Given the fiscal uncertainties and the lack of definitive program guidance from OSD, the Army's strategy was to protect force structure by sustaining O&M accounts, bringing down Research and Development (R&D), and making its modernization programs the offsets for its force structure budget requirements. The fiscal guidelines received from OSD in February 1990 were viewed by the Army leaders as allowing them a great deal of program latitude as long as they stayed within the fiscal guidance.

Some members of the Army leadership were also increasingly concerned that the Army's prerogatives to determine its own force structure were being eroded by OSD and the Joint Staff, as evidenced by repeated requests for detailed information on Army force structure. In addition, there was debate among some of the Army leadership about the role of the Chairman and the Joint Staff under Goldwater-Nichols legislation continued. Despite internal concerns, the Army leadership and staff cooperated with the Joint Staff. In an attempt to clarify force structure issues the Army provided its force structure data bases to the J5.<sup>4</sup>

---

<sup>2</sup> Antaeus Study Briefing, December 1989 (unclassified).

<sup>3</sup> Memorandum for the Deputy Secretary of Defense, from the Secretary of the Army, 18 November 1989.

<sup>4</sup> First To Fight, Army Response, November, 1989.



During the early months of 1990, there was a great deal of informal and formal interaction between the Army and the Joint Staff in the development of the planning scenarios and in an attempt to define the "budget floor." For instance, Army staff members worked informally with members of the Joint Staff on the interpretation of the force structure data that had been supplied earlier. These data were formally discussed among the service leadership and the Chairman.

At this time some common denominators of analysis began to emerge between the Joint Staff and the Army: the world situation had changed significantly necessitating new force structure thinking; the decline in defense expenditures would continue; and resulting declines in force structure would require a new force mix. Members of the Joint Staff and the Army Staff, disagreed, however, on several key points that were related to the Base Force. In particular the Army's position appeared to be that a Warsaw Pact-like threat could re-emerge. After considerable debate, the Army's position on a reemergent threat lead it to argue against force structure reductions in the absence of external direction to do so.<sup>5</sup> This position shaped the Army's analysis and responses to OSD through both the programming and budgeting cycles. Because of the focus on maintaining force structure, the Army's modernization and acquisition programs were eroded, the resulting imbalance was perceived by many to make it difficult for the Army to justify its resource choices, thereby diminishing its ability to participate in the resource debate. In the end the Army was ultimately externally directed to not only make radical force structure cuts, but to also make additional reductions in its RDT&E accounts in order to rebalance its program and to meet fiscal guidelines.

Between November 1989 and May 1990 the Army participated in many force structure/force mix discussions and debates. It actively engaged the CINCs in attempting to justify its force structure/force mix, particularly in Europe, by arguing that the threat still existed. The service actively participated in Joint Staff and CINC conferences during which the Base Force was examined. One recurring issue debated in these various sessions was whether the Army had too much active force structure. Implicit in some of these discussions

---

<sup>5</sup>Internal Notes, 1990. This position grew out of a long-held belief in the Army, starting with George C. Marshal, that force structure should never be voluntarily reduced, because it would jeopardize equipping the Army. This position was based on the Army's readiness at the beginning of World War II. Interview, September 7, 1992.



was that the active military could "provide a flexibility" that was not always available in the reserves.<sup>6</sup>

It was also during this period that the Army conducted a mini-Total Army Analysis (TAA).<sup>7</sup> The basis of the analysis was the old Illustrative Planning Scenario for Europe.<sup>8</sup> (Remember that the Army had argued with OSD that it had no scenarios by which to determine its program requirements.) Force structure was reduced in Europe, but it continued to reflect the Army's view of the future. This analysis provided the foundation of the Army's POM submittal.<sup>9</sup>

In May 1990 the Army initiated the Vanguard Study. Its purpose was to cut all non-warfighting functions so that force structure could be preserved. This study continued until January 1991.

After the POM was submitted, sometime between April and September 1990, the Army conducted an active/reserve mix analysis. The analysis concentrated only on Europe.<sup>10</sup> The analysis reflected the uncertainty the Army felt about the events in Europe. The size of the total force structure was reduced, with larger reductions taken in the reserves. Some of the apparent reductions were actually conversions as units became inactivated in one form and simultaneously activated in one form or another. Included in this analysis was consideration of modernization issues. The results of the study suggested that a constant force size was essential to its readiness, and that active forces provided greater flexibility and readiness. This analysis was used to support the Army's response to some of the summer program review issue debates and the direction of the various budget review initiatives through October 1990 issue papers. It was also used to respond to a request from OSD PA&E that the Army provide a list of the units to be withdrawn from Europe. The Army responded to OSD that it could not specify at the time

---

<sup>6</sup>Internal Memorandum, Reserve Component (RC)-Service Comparisons, September 27, 1990.

<sup>7</sup>The TAA is a multi-phased force structuring process. It consists of both qualitative and quantitative analysis to generate tactical support forces (TSF) and general purpose forces necessary to sustain and support the divisional and nondivisional combat forces designated in the Objective Force. The TAA is usually a four-year program that is internal only to the Army. *Army Command and Management: Theory and Practice*, 1992-93, U.S. Army War College, Carlisle Barracks, PA.

<sup>8</sup>Members of the Army staff pointed out that they used the old planning scenario for Europe because the new scenarios had not been issued. However, we conclude that the Army realized that its greatest force reductions would occur in Europe, and therefore, wanted to preserve that force structure at any cost. Therefore, they modified the scenario, attempting to argue that the Soviet Union could reconstitute much faster than currently assumed.

<sup>9</sup>Internal Working Papers, (Army).

<sup>10</sup>Internal Working Papers, Quicksilver I.

which units would come out of Europe. It, therefore, had assigned the force reduction to aggregate numbers (Standard Reporting Code (SRC)) and placed it against U.S. Forces Command (FORSCOM), the command that oversees CONUS. The Army indicated that it would provide at a later date the specific units by Unit Identification Code (UIC) to be withdrawn from Europe.<sup>11</sup>

In early summer, the Army did re-examine its European force structure. The analysis was based on such qualitative measures as readiness, deployability, recruiting and retention, personnel impact, geography, facilities, support, training and the end-state distribution in the region, and force modernization.<sup>12</sup> The analysis initially provided a SRC list, and then delineated what units (by UIC) for divisions, Echelons Above Divisions (EAD), and candidate EADs. The list of UICs, however, was not provided by the Army to OSD and the Joint Staff until late 1991.

The Army participated in the July 17, 1990 alternative force mix issue paper debate. A July 13, 1990 internal Army discussion paper argued that force mix and manning levels required a constant force size to assess the impact on capability and cost. The paper supported a position that the Army POM provided capabilities for the Army to meet its contingency requirements with an integrated reserve capability.<sup>13</sup>

The Army's formal response argued that the POM was correct. It noted that in such an environment of uncertainty, a force must have the flexibility that only a large standing Army could provide. The variable warning times necessitated a wide spectrum of readiness in order to be responsive.<sup>14</sup> The Army presented several papers to OSD PA&E and OSD Comptroller that argued why previous active force reductions had failed.<sup>15</sup> This view characterized the Army response to the August PDM and the October PBD 065. The Army's attempted to maintain its originally proposed force size and mix. OSD's response was to request in the October PBD 065 additional information on the force mix question. The Army responded that it had correctly re-

---

<sup>11</sup> Internal Working Papers, Army, August 1990.

<sup>12</sup> Internal Working Papers, Army, August 1990.

<sup>13</sup> Army Discussion Paper, July 13, 1990

<sup>14</sup> Army response to July 17, 1990 force mix issue paper.

<sup>15</sup> There is some history as to why the Army relied on historical analysis. In January 1990 the SECDEF and the Chairman requested that key organizations within OSD gather together papers that examined the history of how forces were reduced. This included looks at WWII, Korea and Viet Nam. The small group met on a Saturday to discuss its findings and decide on various approaches to how to do force reductions. Cadres were one consideration. Working Papers, Defense Build-Downs, A Historical Perspective, 24 January 1990.

sponded to its PDM and PAM directions by staying within fiscal guidance. The Army further argued that its position was based on the evolving Desert Shield experience.

The November 29, 1990 OSD decision rejected these arguments and reduced the Army's force structure and active end strength. It further noted that the Army's O&M and R&D accounts were out of balance and directed the Army to further reduce some of its key system modernization programs. The Army responded that the reductions meant that the Army could not perform its missions.<sup>16</sup> Among other adjustments, the Army proposed a modest increase in reserve end strength.<sup>17</sup> The nature of the debate is illustrated by the types of trade-offs considered. The specific reserve or unit selection was negotiated with each reserve component and options were raised and debated. For instance, the active component advocates preferred to retain a separate brigade and offered to trade such things as training divisions with the rationale that a smaller overall force would require less initial entry training structure.<sup>18</sup>

Final resolution of the force structure mix debate occurred in early December just after the submittal of the Service reclamation (December 6, 1990) to the November 29, 1990 budget decisions.

## Department of Navy

Similar to the Army, the Navy was hesitant to accept a radical change in the threat environment. By September 1989, however, it had become obvious to the Navy that changes in the strategic environment would impact the Navy. The magnitude of these changes and the speed with which they occurred, however, continued to be not well understood. In early 1990, the Navy produced a document titled, *The Total Force Appraisal*, that recognized the potential for force reductions. It was part of the program review. It proposed that one way to handle the reductions was to alter how the Navy operated. The analysis, however, offered no specific force level. Concurrent with this analysis, the Summary Warfare Appraisal, was being completed by the staff of the Deputy Chief of Naval Operations for Naval Warfare. The document

---

<sup>16</sup> This number reflected the Joint Staff's use of the new scenarios which had been put into place in July 1990. The scenarios stipulated fewer divisions (Base Force), but not fewer numbers of corps.

<sup>17</sup> Unofficial PBDs, November 30 - December 6, 1990

<sup>18</sup> Internal Army Working papers, December, 1990 - January 9, 1990.



concluded that there would not be substantial force cuts until the turn of the century.

Also like the Army, in November 1989 the Navy received a memorandum indicating there would be program budget adjustments for 1991 through 1994. The Navy responded that their program adjustments reflected a fundamental reassessment of the Department of the Navy program "in light of new realities." The Navy, however, cautioned that these sharply reduced resource levels indicated that the DoD "must be prepared to accept substantial risk to our ability to wage general war because we would be forced to make reductions of about five carriers and/or battleship battle group, a reduction of about one-third of what is available today."<sup>19</sup> The FY1991 budget submission by the SECDEF proposed funding for 546 total deployable naval battle forces, a decrease of only 20 from the FY1989 funded level.

POM preparation reflected the basic realities that were apparent in November 1989. The POM that was submitted projected a future Navy force level at approximately 14 percent below that initially planned for 1991. As the debate evolved during the summer and fall of 1990, it became clear that the focus would not be so much on the eventual size of the Navy—although it was clearly an issue—but more on the timing of the force reductions and the force mix. The mix discussions would focus primarily on the type of ships the Navy would have and the number in the active force and in the reserves.

Although the differences between the Base Force and the POM were addressed in the June 28, 1990 issue paper, a decision about most Navy and Marine Corps force structure issues was deferred until the budget phase. It appears that the force structure issues were resolved through a series of briefings and negotiations that took place over the course of the summer and fall. These negotiations concluded with a 450-ship Navy that was similar to the Base Force.

By August, the Navy position on force size was that 450-500 ships would be sufficient to conduct their operations. The Navy concluded that it fully supported the Base Force concept. Internally the Navy leadership concluded that the exact number of ships would be determined by the funding available to man and operate its ships.

---

<sup>19</sup> Memorandum From the Secretary of the Navy to the Secretary of Defense, Program Budget Adjustment Proposals, November 1989.

The July 17, 1990 issue paper on force mix drew greater resistance within the Navy than did the Base Force. The alternatives presented in the paper signaled the Navy that the number of active ships assigned to the reserves would increase, while keeping the total number of ships in the Base Force constant. For the Marines the logic was similar, although one of the alternatives proposed a change to the Base Force active/reserve mix for the Marine Corps.

The Navy indicated that the paper had not been properly coordinated among the key participants, and like the Army, noted that most of the alternatives offered were unacceptable. But unlike the Army, the Navy noted that the Base Force concept was acceptable because it began to define some force structure floors. The Marine Corps noted that it was concerned that the implied availability and access of the 200,000 reservists that the President can call up in an emergency could weaken the rationale for an increase in their end strength.

Although some specific decisions on the Navy POM submission were made during the program review, no overall force structure decision was made. In September, the Secretary of Navy was directed to submit the Navy's BES in accordance with the POM. Meanwhile, briefings and negotiations between the Navy staff and the Joint Staff continued over the size and mix of the Navy and the Marine Corps.

Negotiations continued from September through November. By early September the number of submarines in the Base Force had been resolved. Other issues such as the number of carriers were not resolved until early November.

By October, the Navy concluded that it was unsure exactly where the Base Force concept stood. From the Navy's perspective there had been no formal OSD or Administration approval of the concept. The outstanding issue for the Navy, however, continued to be force structure and mix.

By the November 29, 1990 OSD briefing, which directed the services to implement the Base Force, most of the Navy's issues had been resolved. The manpower, both in the actives and reserves, reflected a compromise between the Base Force numbers and those of the Navy. For the Marine Corps, the Base Force proposed less amphibious lift than they and the Navy had wanted. They retained the end strength level, however, that had been proposed by the Secretary of the Navy in the POM.

What typified the debate between the Navy and OSD was the Navy's early acceptance of the Base Force concept. Once accepted, the Department then entered into a protracted negotiation with the DoD leadership concerning the particulars of the force mix. The Navy notes that the Base Force was not imposed on it, but rather was the result of the negotiations and discussions between the service and the OSD leadership. Thus what would appear to be an absence of consideration of the external factors in fact reflects the services' early acceptance of the Base force and the iterations between the Navy and OSD over the force mix.

## **Air Force**

Of the three services, the Air Force was the least affected by the Base Force decision process. Its force structure was fairly well established following the September 5, 1990 PAM/PDM. The Service leadership accepted the concept of the Base force and the fact that its force structure would be reduced early in the program deliberations. Its goal was to preserve its modernization and acquisition programs. The September 5, 1990 PAM indicated to the Air Force the outer limits of what its force structure reductions would be.

Following the PAM the Air Force conducted several base case analyses indicating what would be tolerable force structure reductions. The internal analyses revealed that the Air Force could handle these changes against the increase in reserve Tactical Fighter Wing Equivalents. Thus, the Air Force's reclama to OSD indicated what it viewed as a compromise decision. The Air Force generally would accept these changes but with some modifications in the actual numbers. Between the September 5th PAM and the November 29, 1990 meeting there were several informal meetings between the OSD and Air Force regarding the number of the TFWs.

At the OSD November 29, 1990 meeting, the Air Force was directed that it would lose additional TFWs. The Air Force issued a strong reclama in response to the November 29, 1990 fiscal direction. Our evidence, however, indicates that the changes had already been planned for and were met.

## **Summary**

The Army, Navy, and Air Force review reveals that their analysis of changing world situations resulted in different analytic approaches to respond to change fiscal guidance, and the policy direction and development of alterna-



---

tive force structure and mix options that led to the decision to implant the Base Force.

The Army and Navy were hesitant to accept the decline in the Soviet threat. They proposed different options to respond to reduced fiscal guidance. The Army decided to reduce its operations and investment accounts as the option to retain its desired force structure. This position constrained the Army's analysis on several levels. Initially the Army's analysis held sway, for it was able to justify its force structure (which was supported by the Antaeus work). But, as the world events unfolded and analysis of other options were evaluated (including the Base Force), the Army's earlier analysis could no longer be supported. The Army's early analysis seemed to make it difficult to explore later markedly different alternative sets of force reduction options. Nonetheless, based on the mini-TAA and our review of Army responses to OSD proposals, it is quite clear that Army analyses were derived from quantitative computations of requirements and were based on such factors as attrition, consumption rates, threat, OPTEMPO, lines of communications, costs acceptable risk, etc.

The Navy was also hesitant to accept the Base Force concept, and it was not until a series of discussions took place over the summer and fall of 1990 that the Base Force concept was agreed to. And it was not until the end of the budget phase that the number of ships and the active/reserve mix of the base force was implemented. The Air Force accepted the Base Force concept very early in the process. The Air Force was more concerned about its future capabilities as embodied in its modernization program and presented analytic arguments throughout the process (formal PPBS and informal intentions) about the tradeoffs among defense programs and the value of air power.

## 5. Findings and Conclusions

One of the hardest things to capture in this analysis is the dynamic environment in which the Base Force decision process occurred. Consider the number of events: changes in the Soviet Union and Eastern Europe, accelerated decline of defense expenditures including the Budget Summit, Congressional debate over the future defense expenditures force structure issues, Gulf War, the Base Closure Commission, the implementation of the Goldwater-Nichols legislation. They all contributed to the period's turbulence and significantly influenced (though not all equally) the debate.

Though by 1988 the decline of the Soviet Union was evident to some analysts, DoD's planning assumptions still rested on the Soviet global threat. However perceptions of the Warsaw Pact Threat seemed to change rapidly in 1989 with the fall of the Berlin Wall. This had implications not only on the planning constructs, but also on force structure, modernization, equipping, and deployment. The development of a "new military paradigm" paralleled the realignment of FY91-92 budget and the development of the FY92-97 program.

Contributing to the complexity of the period was the fact that the FY91 budget before Congress did not appear to reflect the rapidity of world changes. The Nunn and Aspin speeches suggested that Congress anticipated a "peace dividend" and expected it to be reflected in the FY92 budget and the FY92-97 program. And, particular emphasis was placed on force mix.

Congressional influence was also evident in the DoD decision process. During this period Goldwater-Nichols legislation was fully implemented. The FY92-97 program cycle appears to us to be the first full cycle in which the Chairman and the Joint Staff fully participated in the PPBS process. In addition, most observers seem to think that Desert Shield/Desert Storm results suggested that the enhancement of the Chairman and the CINCs had worked well. In particular, the relationship between the Secretary of Defense and the Chairman appeared to work very well. Prior to 1986 the Joint Staff would never have been so much a part of force structure or force mix decisions. As the Base Force decision process unfolded, the Chairman solidified his position as a major participant (providing resource allocation advice to the Secretary), and even as an integrator in the resource management process. This

position could not have been sustained without the analytical support provided by his realigned staff. These changes in the resource allocation structure caused some tension with the services. Up until this program (FY92-97), the services held the preponderance of influence in defining and allocating what they viewed to be their resources in response to OSD guidance.

It is within the context of the changing DoD environment that one can better understand how the PPBS functioned and how the Base Force decision process fit within this framework. This period of world change required a serious planning effort. Certainly the Secretary and the Chairman understood that this reorientation required a new way to do business. It was a new way of defining resources; there was genuine linkage from the top to the bottom. The National Military Strategy defined the Base Force. The services were now the suppliers of the resources: force, equipment, and training. We asked several members of the Joint Staff what motivated how the process was structured. They asserted that it was logical, given the changed environment. They also indicated that without the Goldwater-Nichols legislation, the Joint Staff would not have played the key role it did in developing the Base Force.

There is some debate among the participants concerning the level of guidance provided by the DoD leadership. Although some assert that the interactions among the OSD staffs, the Joint Staff and the services were a result of a "general lack of guidance," our findings suggest that this interaction was more in response to the strategic and budgetary uncertainties. The new planning environment necessitated that options now had to be shared and debated in the broader DoD forum rather than, as previously done, within the services. The process promoted option-building and debate. The services indicated and the documentation substantiates that key issues were raised and discussed with the DoD leadership prior to an issue paper being formally published.

Two types of issue papers were developed during the FY92-97 program-development cycle. The first type shaped the debate. They posed questions that reoriented the thinking and reshaped the debate. An example of this type of paper is the December 1989 paper, *Army and Air Force for NATO*; this paper questioned both the force size and the mix. The four options discussed framed the debate. The services were asked to generate new options, based on the information provided in the paper. Another example that shaped the debate can be found in the joint presentations to the DPRB by USD(P) and the Chairman on May 14 and 15 at the beginning of the program review.



The second type of paper tended to focus the debate. These papers questioned service responses to guidance and suggested alternatives to their POM positions. An example of this type of paper is the July 17, 1990, issue paper that explicitly examined active-reserve mix options and presented and summarized much of the Department-wide analyses of this subject.

In Chapter 1 of this report five key issues were identified:

- Was the SECDEF given sufficient information to make decisions first?
- Were options presented to the DoD leadership?
- What factors were used to examine the options?
- Were costs and benefits assessed for the options presented?
- What was the interactive character of the debate?

Some additional review of these issues is necessary. Options were both generated and presented to the DoD leadership. The formal and informal debate was highly interactive at all levels of DoD. One of the most striking aspects of the process was that, although the Army's analysis determined quite early what position the Army would take, the staff continued to work closely with the Joint Staff. This informal participation led to considerable and continued review of force structure and mix options. Also very important, through the November 29, 1990, EXCOM and into December, the Base Force debate was held at the highest levels. The services' leadership and key staff members knew of and participated in the process. The SECDEF and his staff, assisted by the Chairman and his staff, served as integrators of the analysis process. Various CINCs have indicated that they did not participate in the Base Force process. Evidence, however, suggests that indeed they were informed and even discussed various force structure and mix options with their respective service leadership as well as in the several CINC colloquiums. These divergent viewpoints are attributable, in part, to how the various CINCs viewed their roles within the changing DoD resource allocation environment. Although the CINCs' role in the resource allocation and management process had increased through a number of DoD initiatives in the 1980s, their orientation continued/continues to be focused mostly on their immediate, and somewhat on their near-term needs rather than on the long term. In addition, their orientation is on their respective theaters. They view the job of the Chairman and his staff as one of providing horizontal integration across theaters and time.

Although we could not focus on this, the quality of information needs some mention. Sometimes responses to OSD positions or direction did not appear

analytically sound. The process must accommodate advocacy, but the positions should be analytically supportable. In our review, however, options/alternatives and responses that appeared to have analytical underpinning were often based on assumptions that differed from a consensus view, or were no longer valid. This appears to have been the case with some of the Army's preferred options. Its analysis was based on assumptions about the threat that were no longer considered valid. Despite this, the important finding we would highlight was that the debate over force mix issues generally tended to apply the cost and other planning factors that were then current estimates. Because these estimates were usually accessible one could also provide alternates or subject point estimates to some variation.

The end of the programming phase and the entire budgeting phase have been criticized by some because of an apparent lack of options. The summer program review saw a wide ranging debate. We believe the Secretary had decided on the Base Force concept by June or early July. Certainly the President's speech suggested this outcome. Yet, the PAM implemented only some elements of the Base Force and allowed some latitude in suggesting alternatives. And, in the planning phase, early analysis had dealt with broad issues of strategy, policy, risk, and costs. The real evidence for a flawed process would exist if a new option or set of options far removed from previous considerations were suddenly raised and decided upon at a later stage in the process without the significant world situation changes. And, we did not see this. Instead, we think the temporizing on the final Base Force decision was a prudent pause in the midst of the Kuwait situation.

It is here that we see how important the transition from one PPBS phase to another was during this chaotic period. The transition from the planning phase to the programming phase was used by the DoD decisionmakers to realign the issues. It was during this transitional period (November 1989–February 1990) that the SECDEF revised and recast the DPG. Revised fiscal environment necessitated that fiscal constraints were quickly overlaid onto the process, but additional options would be entertained. The transition from the programming phase to the budgeting phase (September) included the decisions to implement some elements to the Base Force but to leave some latitude to respond to the uncertainties of Kuwait. A significant amount of flexibility was required to accomplish these transitions while adhering to the demands of the PPBS. The DoD leadership acknowledged that phases could be out of synchronization, but that it was imperative to structure the debate, leaving sufficient flexibility to adapt/respond to additional changes, and then to move through the phases. The PPBS responded well to these demands.

Finally, to illustrate the force structure/mix change we show in Figure 9 some of the aggregate Army measures. We could not measure the Base Force numbers by unit because the FY95 numbers submitted in the FY92-97 program were by SRC and not by UIC. The actual units were provided to Congress in late FY91, and published in March 1992. The aggregate numbers for FY95, however, can be compared with those found in the Base Force and in the Army's final budget submittal. We can also compare some force structure data for various phases of the PPBS. The final result for the Army was that the Base Force was implemented, but with some modifications to accommodate the Army's various concerns, which were discussed and analyzed between the November 29, 1990, EXCOM and the December 11, 1990, Army meeting with SECDEF. Significantly, the analytic continuity from the planning and programming phases to this result is evident.

	Sept. 5, 1990	October 1990	November 29, 1990 (EXCOM)	Jan. 11, 1991 (President's Budget)
	(PAM)	Army (BES)	Base Force	
<b>Force Structure (FY95)</b>	AC 583,700 RC 584,500	AC 583,700 RC 645,500	AC 535,000 RC 550,000	AC 536,000 RC 567,000
<b>Corps HQ</b>	3	4	3	4
<b>Divisions (incl.cadre)</b>	20	22	20	20
<b>Active</b>	(12)	(14)	(12)	(12)
<b>Light</b>	4	6	4	4
<b>Heavy</b>	8	8	8	8
<b>Reserve</b>	(6)	(8)	(6)	(6)
<b>Light</b>	3	1	1	1
<b>Heavy (incl. Inf.)</b>	3	7	5	5
<b>Cadre</b>	2 (Res)		2 (Res)	2 (Res)

Figure 9—Force Structure Adjustments (End FY95)—Army

In Chapter 2 of this study, previous analyses were examined that dealt with Total Force Policy. All concurred that the Total Force Policy, if properly implemented, followed cost-effectiveness principles. The studies, with the exception of the Total Force Policy Study, indicated the deficiencies that existed in the implementation (or practices) of the policy that resulted in sub-optimizations. They noted that the PPBS was the appropriate process to implement the policy but that some aspects needed to be changed. These included stronger guidance from OSD and the Chairman, increased horizontal inte-



gration, the generation of options and a decision factor framework, and top-down linkage of requirements. Improvements in all these areas are evident from our review. Many of the participants were not clear on how their roles had changed despite the challenges of a very dynamic environment.

The Base Force decision process took a remarkably successful course. Options were evaluated from the appropriate perspective of costs, risks, and capabilities. Participation in the evaluation was widespread. Issues were pulled into the PPBS process as they should have been. And, there was clear evidence of serious deliberating during the planning phase. Total Force Policy could be said to have been implemented in the "practice" of the Base Force decision process.

### **Some Final Remarks Regarding Increases in or Reductions of Specific Units**

In March 1992 Secretary Cheney submitted to the HASC the plan for the reductions in the Army National Guard and U.S. Army Reserve forces.<sup>1</sup> The list comprises 830 units and 139,488 spaces for all services. The list represents 90 percent of the total reductions of the Army National Guard and U.S. Army Reserve. Many of the Army reductions result from many Reserve and Guard units now having nothing to support, reinforce, or replace. These results were based on several assumptions: The Base Force would be implemented in 1995; and the FY92-93 reserve component reductions should be tied to active force inactivations occurring during the FY90-93 time period. Reductions not linked to active force inactivations must be justified by changing missions, strategy, and threat levels.<sup>2</sup>

The 1992 plan shows the National Guard and Reserve reductions by numbers of spaces distributed across the 50 states, and it also identifies units, but it does not relate spaces to specific units.<sup>3</sup> The Guard and Reserve force reductions are listed, and a rationale is provided for why the unit was reduced, but again there are no specifics as to the exact numbers reduced in individual units. Rather, only organizational reductions are shown from divisions down to brigades.

---

<sup>1</sup> Secretary of Defense Richard Cheney, transmittal letter, March 26, 1992.

<sup>2</sup> U.S. National Military Strategy: Reserve Components—A Critical Element.

<sup>3</sup> Department of Defense, Office of ASD(PA), March 26, 1992, and DoD Plan for Reduction in National Guard and Reserve Forces, March 1992.

The rationale for the reductions was the reduced threat in Europe; the reduction plan also notes that despite the reductions, there was an increase of 18,000 Reserve spaces in FY93 over what was forecast in strength levels in 1992. Even after these reductions, the total Guard and Reserve will constitute approximately 36 percent of the total Base Force, consistent with the June and July 1990 DPRB resolutions, which states that cuts in the reserve components and National Guard should be proportional to those in the active force.<sup>4</sup>

All analysis leading up to the Base Force decision dealt with "typicals." The Base Force decision set the macro policy of force structure and mix. Details of specific units and personnel were worked out in micro detail after the major policy direction was sent.

---

<sup>4</sup> U.S. National Military Strategy: Reserve Components—A Critical Element and DoD Plan for Reduction in National Guard and Reserve Forces, March 1992.

## Appendix

# Chronology of Base Force Decision Process

- |                     |   |
|---------------------|---|
| Spring 1989         | <ul style="list-style-type: none"> <li>• Quiet Study, J-5/J-8</li> </ul>  |
| Fall 1989           | <ul style="list-style-type: none"> <li>• Quiet Study evolves into Base Force Study</li> </ul>   |
| Oct. 1989           | <ul style="list-style-type: none"> <li>• Chairman's "Vision of the 90s" briefing</li> </ul>   |
| Nov. 1989           | <ul style="list-style-type: none"> <li>• CJCS discusses Base Force concept with CINCs</li> <li>• Joint Staff begins to develop strategy and force structure concepts</li> <li>• OSD Program Adjustment Memorandum questions Army and Navy force structures</li> <li>• Defense Planning Guidance Revised and Recast</li> </ul> |
| Nov. 9, 1989        | <ul style="list-style-type: none"> <li>• <i>Wall falls</i></li> </ul>   |
| Dec. 1989-Jan. 1990 | <ul style="list-style-type: none"> <li>• DPRB</li> <li>• Policy and Program Review:</li> <li>• SECDEF asks for issue papers that question planning assumptions and discuss alternatives</li> </ul>  |
| Jan. 1990           | <ul style="list-style-type: none"> <li>• Total Force Policy study started</li> <li>• DPG re-issued (without scenarios)</li> </ul>   |
| Jan. 24, 1990       | <ul style="list-style-type: none"> <li>• CINC's Colloquium</li> </ul>   |
| Feb. 1990           | <ul style="list-style-type: none"> <li>• <i>Policy &amp; Strategy Guidance</i></li> <li>• <i>Fiscal Guidance and Tables</i></li> <li>• CJCS briefs CINCs and SRVC Chiefs on Base Force</li> <li>• Army provides force structuring databases to Joint Staff (JS)</li> </ul>  |
| March 1990          | <ul style="list-style-type: none"> <li>• JS frames Base Force</li> <li>• National Security Strategy of the United States published</li> <li>• Chairman briefs OSD principals on Base Force Study</li> <li>• Total Force Policy Study Group briefed on Base Force</li> <li>• DJ5 briefs OPSDEPS on Base Force</li> </ul>       |



- |                |  |
|----------------|--|
| March 29, 1990 | <ul style="list-style-type: none"><li>• <i>Sam Nunn's floor speech: "Changes in the Threat Environment of the 1990s"</i></li></ul>   |
| April 19, 1990 | <ul style="list-style-type: none"><li>• <i>Sam Nunn speech: "A New Military Strategy"</i></li></ul>  |
| April 20, 1990 | <ul style="list-style-type: none"><li>• <i>Sam Nunn speech—Summary of the new strategy</i></li></ul>   |
| April 24, 1990 | <ul style="list-style-type: none"><li>• CINC's Colloquium:</li><li>• Base Force debates</li><li>• Total Force Study reviewed by DCINCs</li></ul>   |
| May 1990       | <ul style="list-style-type: none"><li>• Service POMs submitted based on new fiscal guidance</li><li>• Army begins VANGUARD work</li></ul>  |
| May–Sept. 1990 | <ul style="list-style-type: none"><li>• <i>DPRB Summer Issue Cycle</i></li><li>• Draft planning scenarios released to the Services for review</li></ul>  |
| May 14, 1990   | <ul style="list-style-type: none"><li>• USD(P) briefs DPRB about changed Strategic Environment and Implications on Force Structure</li></ul>   |
| May 15, 1990   | <ul style="list-style-type: none"><li>• Chairman briefs DPRB on Base Force</li></ul>   |
| May 20, 1990   | <ul style="list-style-type: none"><li>• <i>USD(P) kicks off program review</i></li></ul>   |
| June 11, 1990  | <ul style="list-style-type: none"><li>• Chairman's briefing to Service Chiefs on Status of Base Force</li></ul>  |
| June 18, 1990  | <ul style="list-style-type: none"><li>• OSD principals reviews force structure options</li></ul>   |
| June 18, 1990  | <ul style="list-style-type: none"><li>• <i>House Majority Committee Rep. Les Aspin issues a memorandum re: 25 percent force structure reduction</i></li></ul>  |
| June 22, 1990  | <ul style="list-style-type: none"><li>• CJCS announces Base Force Study at National Press Club</li></ul>   |
| June 28, 1990  | <ul style="list-style-type: none"><li>• DPRB issue paper re: strategic and conventional force structure options</li><li>• OSD Comptroller Sean O'Keefe issues memorandum re: dollars expected with 25percent force reduction</li><li>• Draft issue paper to the DPRB on Active/Reserve Mix (issued on July 17, 1990)</li></ul> |
| July 1990      | <ul style="list-style-type: none"><li>• Approved Planning Scenario Issued to Services</li></ul>  |
| July 9, 1990   | <ul style="list-style-type: none"><li>• SECDEF and Chairman brief President on Base Force and other options</li></ul>  |
| July 17, 1990  | <ul style="list-style-type: none"><li>• DPRB issue paper on Active/Reserve Mix, FM&amp;P/RA reviewed by OSD leadership</li></ul>   |
| July 25, 1990  | <ul style="list-style-type: none"><li>• J-8 Briefing National Guard Long-Range Planning Workshop (same briefing given at 24 April CINC's mtg.)</li></ul>   |

- 
- |                      |  |
|----------------------|--|
| Aug. 2, 1990         | <ul style="list-style-type: none"> <li>• <i>President Bush's speech to the Aspen Institute Symposium</i></li> <li>• Kuwait Invaded</li> </ul>  |
| Aug. 9, 1990         | <ul style="list-style-type: none"> <li>• PDM signed—"Stick with the POM"</li> </ul>  |
| Aug. 20, 1990        | <ul style="list-style-type: none"> <li>• '90 CINC's Conference: CJCS discusses Base Force and post-Cold War military strategy with CINCs and Service Chiefs</li> </ul>   |
| Aug. 31, 1990        | <ul style="list-style-type: none"> <li>• DPRB considers further reductions in Army force structure</li> </ul>  |
| Sept. 1990–Jan. 1991 | <ul style="list-style-type: none"> <li>• Budget Review:</li> <li>• Numbers and budget refined</li> </ul>   |
| Sept. 5, 1990        | <ul style="list-style-type: none"> <li>• Program Assumption Memorandum (PAM) directs Services to implement initial force structure changes</li> </ul>  |
| Sept. 17, 1990       | <ul style="list-style-type: none"> <li>• Military Departments' responses to PAM</li> </ul>   |
| Oct. 1990            | <ul style="list-style-type: none"> <li>• Budget Summit Agreement</li> <li>• Program Budget Decision (PBD) 065 directs the Army to look at the Force Mix issue</li> </ul>   |
| Nov. 2, 1990         | <ul style="list-style-type: none"> <li>• Army response to PBD 065</li> </ul>   |
| Nov. 29, 1990        | <ul style="list-style-type: none"> <li>• EXCOM Meeting</li> <li>• Services told to complete implementation of Base Force and to achieve other savings to implement the Budget Summit Agreement</li> </ul>                  |
| Dec. 6, 1990         | <ul style="list-style-type: none"> <li>• Service Reclamas submitted</li> </ul>   |
| Dec. 10, 1990        | <ul style="list-style-type: none"> <li>• Army Decision Meeting</li> </ul>  |
| Dec. 11, 1990        | <ul style="list-style-type: none"> <li>• Navy and Marine Decision Meetings</li> </ul>  |
| Dec. 12, 1990        | <ul style="list-style-type: none"> <li>• CINC's, Air Force Decision Meetings</li> </ul>  |
| Jan. 11, 1991        | <ul style="list-style-type: none"> <li>• PBD</li> <li>• SECDEF Program Decisions for Army #725</li> <li>• PBD—SECDEF Program Decisions for Navy #726</li> <li>• PBD—SECDEF Program Decisions for Air Force #727</li> </ul> |
| Jan. 15, 1991        | <ul style="list-style-type: none"> <li>• PBD—SECDEF Program Decisions for all DoD #731</li> </ul>  |